Senate Budget and Fiscal Review—Holly J. Mitchell, Chair

SUBCOMMITTEE NO. 2 Agenda

Senator Bob Wieckowski, Chair
Senator Mike McGuire
Senator Jim Nielsen

Thursday, March 8, 2018
9:30 a.m. or upon adjournment of session
State Capitol - Room 112

Consultants: James Hacker and Christopher Francis

Vote Only Calendar

Items for Discussion

Public Comment

Pursuant to the Americans with Disabilities Act, individuals who, because of a disability, need special assistance to attend or participate in a Senate Committee hearing, or in connection with other Senate services, may request assistance at the Senate Rules Committee, 1020 N Street, Suite 255 or by calling (916) 651-1505. Requests should be made one week in advance whenever possible.

VOTE-ONLY CALENDAR

3360 – California Energy Commission (CEC)

Issue 1: On-Call Delegate Chief Building Official Contract Funding

The budget requests $1,000,000 in increased expenditure authority from the Energy Facility License and Compliance Fund (EFLCF) to provide contract funding for an On-Call Delegate Chief Building Official (DCBO). This contract will provide DCBO support for modifications to jurisdictional power plants resulting from project owner filed amendments, emergency responses, such as power plant fires, and other small modifications. The Energy Commission has indicated that they seek to change from the current MOU approach to a contracted approach to eliminate potential conflicts of interest between the selected DCBO firms and the project owners. This approach requires additional contract authority to execute.

Staff Recommendation:
Approve as budgeted

8660 – California Public Utilities Commission (PUC)

Issue 1: Communications Licensing and Compliance Program

The budget requests $295,000, PUC Utilities Reimbursement Account (0462), ongoing, for two permanent positions for the Licensing and Compliance Program (L&C) to address expanded work obligations that have resulted in work backlog issues.

Issue 2: Supporting Statewide Presence

Governor's Proposal: The budget requests $1,056,000 in 2018-19, with additional ongoing costs, from various funds, to lease two additional office spaces in Sacramento County for the placement of new PUC staff and the relocation of existing employees. The PUC has indicated that there will be partially offsetting savings when existing PUC leases end and are not renewed.

Issue 3: Water and Utility Program Audit Compliance

The budget requests $929,000 per year from the Public Utility Commission Utilities Reimbursement Account (0462) to convert seven limited term positions to permanent positions. These positions were originally provided on a limited-term basis to address gaps in PUC's oversight of utilities through a State Auditor report. The workload to ensure the PUC continues to address the audit findings is likely permanent. As such, it is appropriate to extend these positions.

Issue 4: Water Affordability for Low-Income Communities

The budget requests $294,000 from the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for two two-year limited-term positions to analyze and identify potential solutions to the growing water affordability issue in rate-setting proceedings as part of the PUC's recently-opened rulemaking R. 17-06-024.

Issue 5: Gas and Electric Service Disconnections

The budget requests $336,000 (Public Utilities Commission Utilities Reimbursement Account) per year for two permanent positions to implement the requirements of SB 598 (Hueso), Chapter 362, Statutes of 2017. These positions will support the development and administration of decisions and a rulemaking proceeding on disconnections, as well as ongoing work to incorporate potential impact on disconnections into all future General Rate Case (GRC) proceedings. These are new tasks for the PUC that cannot be absorbed by existing staff, and will continue into the foreseeable future.

Issue 6: Residential Solar Energy Storage System Consumer Protection (AB 1070)

The budget requests $592,000 (Public Utilities Commission Utilities Reimbursement Account) for one two-year limited term position to implement the requirements of AB 1070 (Gonzalez Fletcher), Chapter 662, Statutes of 2017. This request includes $450,000 in contractor funding. AB 1070 directs the PUC to develop and adjust, on an ongoing basis, a methodology that estimates electric utility bill savings for residential customers who install solar energy systems, and to create a uniform disclosure document the solar industry is required to present to residential customers before the purchase or lease of a solar energy system. Developing this new methodology and disclosure requirement is new, limited-term workload that the PUC cannot absorb with current resources.

Staff Recommendation:
Approve as budgeted.

8660 – Public Utilities Commission Office of Ratepayer Advocate

Issue 1 – Electric Safety Analysis

The Office of Ratepayer Advocates requests $334,000 from Public Utilities Commission Office of Ratepayer Advocates Account (PUCORA) and two positions, one Public Utilities Regulatory Analyst (PURA) III and one Senior Utilities Engineer, to address utility safety-related workload arising from expansion of existing and new PUC proceedings. The PURA III will provide technical support and assistance to an existing PURA V on federal and state safety regulations and project coordination. The PURA III also will work with the existing engineering staff to provide further policy, technical, and economic insights into electric safety work. The Senior Utilities Engineer will be the technical lead for ORA on safety-related issues, particularly for electric safety and also be ORA's lead on the risk accountability reports and risk spending reports. The ORA is adequately staffed to review and integrate findings into natural gas reports, but not electric safety reports. Increased staff in electric safety will help inform safety model assessment proceeding and assess the accuracy of the utilities' risk management. As a result, ORA will be able to mitigate safety risk as much as possible without compromising cost-effectiveness (lowest service rate).

Issue 2 – Analysis of Community Choice Aggregation and Other Departing Load Programs

The budget requests $167,000 per year from the Public Utilities Commission Office of Ratepayer Advocates Account (PUCORA) for one permanent Public Utilities Regulatory Analyst (PURA) V position to perform expanding workload associated with the recent increase in departing load programs, specifically the Community Choice Aggregation (CCA) program. The CCA program enables cities and counties to pool resources to develop or purchase power—with an emphasis on renewable energy. Customers are beginning to depart investor owned utilities (IOUs) for CCAs. SB 350 (de León), Chapter 547, Statutes of 2015, mandates new requirements that support the state's goals to increase renewable resources, reduce GHG emissions, and enhance system reliability in the most cost effective manner apply to all load serving entities (LSEs). Both IOUs and CCAs are defined as LSEs. The CCA-related requirements of SB 350 have a direct and significant impact on all residential customers' rates and ultimately their monthly bills. As CCAs grow, workload associated with reviewing CCAs' compliance with SB 350 requirements increases. Participation by various cities and counties throughout the state is estimated to grow significantly. The PURA V will provide complex technical analyses on how to ensure that cost allocation is fair and nondiscriminatory, prepare written reports and testimony, and testify in evidentiary hearings. The PURA V also will lead CCA project teams and coordinate with other ORA staff regarding ORA's positions on issues involving CCA-related issues.

Issue 3 – Electric Resource Modeling

The budget requests two Public Utilities Regulatory Analyst (PURA) IV positions and $307,000 from the Public Utilities Commission Office of Ratepayer Advocates Account, to perform mission critical work associated with new complex computer simulation and modeling efforts required by the PUC's implementation of the integrated resource planning mandates contained in SB 350 (de León), Chapter 547, Statutes of 2015. Two new PURA IV positions are necessary for ORA to participate in the development and implementation of the computer simulations and models needed to identify the optimal portfolios of resources for the state's load-serving entities to procure, in light of the environmental, cost, and reliability requirements established in SB 350.

Staff Recommendation:
Approve as budgeted

3360 California Energy Commission

The Energy Resources Conservation and Development Commission (commonly referred to as the California Energy Commission or CEC) is responsible for forecasting energy supply and demand; developing and implementing energy conservation measures; conducting energy-related research and development programs; and siting major power plants.

Governor's Budget: The Governor's budget includes $384 million for support of the CEC, a decrease of approximately $300 million from the enacted 2017-18 budget, predominantly due to a decline in funding for the Electric Program Investment Charge Fund.

3-YR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
2380	Regulatory and Planning	139.2	131.0	131.0	$30,996	$38,543	$37,864
2385	Energy Resources Conservation	125.9	164.3	164.3	42,742	52,941	48,491
2390	Development	171.7	193.1	193.1	324,266	592,398	297,722
9900100	Administration	180.9	180.9	180.9	27,235	28,259	-
9900200	Administration - Distributed	-	-	-	-27,235	-28,259	-
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		**617.7**	**669.3**	**669.3**	**$398,004**	**$683,882**	**$384,077**

FUNDING		**2016-17***	**2017-18***	**2018-19***
0001	General Fund	$-	$18,000	$-
0033	State Energy Conservation Assistance Account	-6,261	-616	359
0044	Motor Vehicle Account, State Transportation Fund	150	161	162
0115	Air Pollution Control Fund	1,405	-	-
0381	Public Interest Research, Development, and Demonstration Fund	1,233	1,257	751
0382	Renewable Resource Trust Fund	23,119	25,750	4,748
0465	Energy Resources Programs Account	74,180	79,924	79,021
0497	Local Government Geothermal Resources Revolving Subaccount, Geothermal Resources Development Account	5,067	1,606	1,548
0853	Petroleum Violation Escrow Account	183	5,825	-
0890	Federal Trust Fund	15,271	13,497	13,464
0942	Special Deposit Fund	301	58	-
0995	Reimbursements	42	2,050	800
3062	Energy Facility License and Compliance Fund	3,527	3,576	4,577
3109	Natural Gas Subaccount, Public Interest Research, Development, and Demonstration Fund	32,076	45,769	24,000
3117	Alternative and Renewable Fuel and Vehicle Technology Fund	102,456	177,512	107,858
3205	Appliance Efficiency Enforcement Subaccount, Energy Resources Programs Account	125	1,402	1,497
3211	Electric Program Investment Charge Fund	143,234	234,735	136,021
3228	Greenhouse Gas Reduction Fund	-	66,000	-
3237	Cost of Implementation Account, Air Pollution Control Fund	-	9,286	9,271
9330	Clean and Renewable Energy Business Financing Revolving Loan Fund	1,896	-1,910	-
TOTALS, EXPENDITURES, ALL FUNDS		**$398,004**	**$683,882**	**$384,077**

Issues Proposed for Discussion

Issue 1: Title 20 Appliance Energy Efficiency Standards – Compliance Assistance and Enforcement Program Contract Funding

Governor's Proposal: The CEC requests a $100,000 increase in expenditure authority for baseline contract funding from the Appliance Efficiency Enforcement Subaccount (AEES) to support the Title 20 appliance efficiency enforcement testing contract. This requested $100,000 augmentation in additional contract authority will increase the testing capacity at the contracted test laboratory and its contract funding from $200,000 per fiscal year to $300,000 per fiscal year.

Background: Broadly defined, appliances are products that use electricity, gas, or water. In response to legislative requirements to reduce California's energy demand the CEC regularly prescribes appliance efficiency standards through the Warren-Alquist Act of 1976. Also known as the California Code of Regulations, Title 20, Sections 1601 through 1609, these standards are updated regularly to include amendments and new standards. For example, SB 350 (de León), Chapter 547, Statutes of 2015, requires the CEC and the PUC to establish annual statewide energy efficiency savings and demand reduction that achieves the Governor's and Legislature's goal of doubling of energy efficiency savings by 2030.

All appliances and equipment regulated under Title 20 must be tested and certified to the CEC before being offered for sale in California. The California State University, Sacramento Engineering Energy Efficiency Test Laboratory, under an agreement with the CEC, determines if appliances meet the energy efficiency and labeling or marking requirements prescribed in the Title 20 regulations. The CEC also has, and continually updates, an appliance efficiency database that contains information and consumption metrics for each appliance. Currently, there are over 2.2 million appliances listed in the CEC's Modern Appliance Efficiency Database System. Of these listed appliances approximately 536,000 of these listings are active and 1.6 million are archived listings superseded with new model numbers or standards. The regulations span 23 appliance product categories.

SB 454 (Pavley), Chapter 591, Statutes of 2011, authorizes the CEC to establish an administrative enforcement process for violations of the appliance efficiency standards. Since the SB 454 regulations have been in effect in July 2015, the CEC has closed 26 cases through the settlement process, which has yielded over $2.4 million in penalties, a consumer rebate program, a consumer replacement program, and the redesign of numerous products to be compliant with the appliance efficiency standards.

The most recent 2015 market survey conducted by the CEC shows that of a sample search of 4,000 models of appliances, 60 percent (2,400) were not in the CEC database and therefore cannot legally be sold or offered for sale in California. Moreover, in 2015, the CEC's contract test laboratory tested 10 appliances that use small battery charger systems and all 10 appliances failed.

Staff Comments: Compliance from manufacturers, distributors, and retailers continues to be an issue for the CEC. The CEC indicates that there are 45 open cases with two pending settlements that will total over $200,000. Additionally, there are an additional 76 cases in the "wait list" investigation file with more queuing up each month. With the requested increase, the CEC projects a 30 percent increase in the number of tested appliances to support the growing program infrastructure. Specifically, 25 additional engineering tests focusing on high energy consuming appliances such as pool pumps and motors, spas, and wall/window air conditioners will occur. The funds will also be used for quarterly internal laboratory audits, subletting select engineering tests to other labs consulting services, and general assistance on technical testing related issues.

Questions:

- Can the CEC and its test facility keep up with the pace of fast-changing technology and increasing non-compliance? What other actions are going to be taken to solve the non-compliance issue?

Staff Recommendation:
Approve as budgeted

Issue 2: Implementation of the School Bus Retrofit and Replacement Program (SB 110)

Governor's Proposal: The budget requests authority for three-year funding of $900,000 annually for six temporary positions from the Alternative and Renewable Fuel and Vehicle Technology Fund to develop and implement the new school bus retrofit and replacement activities under the Clean Energy Job Creation Program.

Background: The California Clean Energy Jobs Act, an initiative approved by the voters as Proposition 39 at the November 6, 2012 statewide general election, made changes to corporate income taxes and, except as specified, provides for the transfer of $550,000,000 annually from the General Fund to the Clean Energy Job Creation Fund for five fiscal years beginning with the 2013-14 fiscal year. Moneys in the fund are available, upon appropriation by the Legislature, for purposes of funding eligible projects that create jobs in California improving energy efficiency and expanding clean energy generation.

SB 110 (Committee on Budget and Fiscal Review), Chapter 55, Statutes of 2017, established the Clean Energy Job Creation Program with the purpose of funding specified projects in public schools and community colleges that create jobs in California improving energy efficiency and expanding clean energy generation. The bill provides $75 million to the Energy Commission to provide grants or loans to school districts and county offices of education for school bus retrofit or replacement.

Staff Comments: The state has aggressive policies for expediting the development of clean, alternative, and renewable fuels and vehicle technologies to help in meeting the state's environmental goals. Cleaner school buses are a top priority for the state. Exposure to diesel particulate matter is a health hazard, particularly to children whose lungs are still developing and the elderly, who may have other serious health concerns.

CEC has indicated that existing staff resources are not currently sufficient to effectively implement both ongoing responsibilities and new school bus retrofit and replacement activities. CEC has also indicated that school districts (especially small school districts and school districts within disadvantaged communities) lack the resources and expertise necessary to effectively apply for, administer and implement school bus retrofit and replacement activities.

Questions for the Commission:

1. What is the Energy Commission doing to ensure that there will be geographic and socioeconomic equity in project selection?
2. What progress has CEC made to date in implementing the program?

Staff Recommendation:
Approve as Budgeted.

Issue 3: Zero Emission Vehicle Infrastructure Initiative

Governor's Proposal: The administration has requested an additional $70 million in funding for the Alternative and Renewable Fuel and Vehicle Technology Fund (3117), in addition to the $77 million in funding already provided, for the Energy Commission's Zero Emission Vehicle (ZEV) Infrastructure Initiative. The request also includes a transfer of $15 million from the Air Quality Improvement Fund (3119) to the Alternative and Renewable Fuel and Vehicle Technology Fund to further support this work. This request includes Budget Bill Language to grant the CEC greater flexibility in allocating program funds. The Administration has also indicated that there will be forthcoming trailer bill language transferring $88 million in one-time funds from the new Solar Homes Partnership funding source for the ZEV initiative, bringing the total available funding for the program to $235 million.

Background: AB 118 (Núñez), Chapter 750, Statutes of 2007, created the California Energy Commission's Alternative and Renewable Fuel and Vehicle Technology Program. The statute, subsequently amended by Assembly Bill 109 (Núñez), Chapter 313, Statutes of 2008, and Assembly Bill 8 (Perea), Chapter 401, Statutes of 2013, authorizes the Energy Commission to develop and deploy alternative and renewable fuels and advanced transportation technologies to help attain the state's climate change policies. Currently, about $40 million annually is deposited in the Air Quality Improvement Fund (AQIF) and is used for clean vehicle loans administered by CARB. Another $100 million annually is deposited in the Alternative and Renewable Fuels and Vehicle Technology Fund (ARFVTF) to support the Alternative and Renewable Fuels and Vehicle Technology Program (ARFVTP). The ARFVTP supports grants for projects intended to transform California's fuel and vehicle types to help meet the state's GHG reduction goals.

Executive Order B-16-12, issued in 2012, directed state government to help accelerate the market for zero-emission vehicles (ZEVs) in California by calling for 1.5 million ZEVs in California by 2025 and establishes several milestones on the pathway toward this target. The Administration's 2013 ZEV Action Plan then identified specific actions state government would take to meet the milestones of the Executive Order. This was further expanded by the 2016 ZEV Action Plan outlines progress to date and identifies new actions state agencies will take in continued pursuit of the milestones in the EO B-16-12.

Executive Order B-48-18 updated these goals, calling for 5 million ZEVs by 2030, as well as 250,000 vehicle charging stations and 200 hydrogen charging stations by 2025. To achieve these goals, the budget proposes to provide a total of $900 million over eight years from the ARFVTF and other funds to support the construction of ZEV fueling infrastructure.

The state has numerous programs designed to increase ZEV vehicle adoptions. These include (1) CARB regulations requiring that automobile manufacturers produce a certain percentage of ZEVs; (2) state programs that provide consumer rebates for purchasing ZEVs, including the Clean Vehicle Rebate Project; and (3) High−Occupancy Vehicle lane decals for ZEVs. Additionally, the state funds or oversees numerous programs designed to expand ZEV charging and fueling infrastructure. These include $800 million over ten years from the Volkswagen fraud settlement; $200 in investor-owned utility funding for ZEV fueling infrastructure to date; an estimated $100 million from a 2012 settlement with NRG; $20 million for Caltrans to install 32 electric vehicle charging stations along highway corridors; and a proposed $87 million over four years for the Department of General Services to install 6,200 charging stations at state buildings.

CEC also administers the New Solar Homes Partnership (NHSP) program, which provides financial incentive rebates for the installation of solar energy systems in new homes. SB 1 (Murray), Chapter 132 of 2006 authorized $400 million for the NSHP program with the goal of achieving 360 megawatts (MW) of solar capacity installed by 2016. The program was originally funded with a portion of revenue from a surcharge on electricity bills, also known as the public goods charge. However, the public goods charge expired in 2012 before the entire $400 million was collected for NSHP. In 2016, the CPUC authorized investor−owned utilities (IOUs) to collect about $112 million to pay for the shortfall in funds for the program after the public goods charge expired. According to the administration, the state has not yet met the 360 MW goal established in Chapter 132. Current law authorizes CEC to spend the NSHP funds through June 2018. The Administration estimates that there will be roughly $88 million available to the program when the program's authorization expires.

Staff Comments: The CEC has indicated that the proposed funding will be combined from multiple sources. Specifically, the additional $70 million provided by this proposal would be composed of a $15 million transfer from the Air Quality Improvement Fund and an additional $55 million from the existing ARFVTF fund balance. This would be combined with the proposed $88 million transfer from the NSHP to provide $235 million in 2018-19 for ZEV infrastructure. Additionally, the plan proposes to shift over a two-year period all ARFVTF resources to exclusively fund ZEV infrastructure through 2025-26. This funding is detailed below:

Zero-Emission Vehicle Infrastructure Funding Proposal
(In millions)

		Governor's Proposal	
	Current Spending 2017-18	2018-19	2019-20 Through 2025-26
Zero-emission vehicle infrastructure	$36	$235[a]	$95
Low-carbon fuel production	23	25[b]	—
Alternative fuel vehicles	27	18	—
Manufacturing	5	—	—
Workforce training	3	—	—
Other	2	—	—
Totals	**$97**	**$278**	**$95**

[a]Includes $70 million one-time funding from the Alternative and Renewable Fuel and Vehicle Technology Fund and Air Quality Improvement Fund as well as $88 million from ratepayer funds reserved for New Solar Homes Partnership.

[b]One-time funding from Greenhouse Gas Reduction Fund.

While expanding ZEV fueling infrastructure is consistent with current state policy, the proposal raises a number of issues. Specifically, staff concurs with the LAO (see below) that the administration has not fully explained how the proposed funding would complement of supplement the numerous existing ZEV programs currently in place across the state. Additionally, the Administration has not provided the trailer bill language necessary to implement the transfer of funds from the NSPH to the ARFVTF.

LAO Comments: The LAO recommends that the Legislature direct the administration to provide (1) a more detailed justification for the amount of funding requested for ZEV infrastructure; (2) additional information about how the funding would affect key policy outcomes, such as greenhouse gas (GHG) emission levels; (3) its assessment of potential risks and costs associated with a substantial expansion of ZEVs, and (4) a plan for evaluating outcomes after program implementation. Additionally, we recommend the Legislature direct the administration to develop a detailed strategy for coordinating spending for ZEV infrastructure across various state programs. We further recommend the Legislature consider whether the administration's proposal to use various special funds and ratepayer funds to support ZEV infrastructure is consistent with legislative priorities.

Questions for the Commission:

1. How will this program complement the other ZEV programs currently in-place? What mechanisms are currently in-place to ensure coordination between the various programs?
2. What will the impacts be of shifting the entirety of the ARFVTF to this program through 2025-26? What will not be funded as a result of this shift?
3. What are the goals of this program? What outcomes can the Legislature expect, should we choose to approve this request?

Staff Recommendation:
Hold open

Issue 4: Senate Office of Research – Optimizing Benefits of State-Funded Research and Development Programs

At the request of Senator Bob Wieckowski, chair of the Senate Budget and Fiscal Review Subcommittee 2 on Resources, Environmental Protection, Energy, and Transportation, the Senate Office of Research (SOR) investigated ways to optimize public benefits of state-funded research. After interviewing 42 research scientists and administrative leaders primarily in energy-related fields, SOR reached the following conclusions which they found to be universally instructive for state-funded research, regardless of scientific discipline:

- ***There are nine key principles to consider when designing, assessing, or reconfiguring state-funded research programs to optimize public benefits.*** The figure below lists the key principles.

Key Principles for Research Programs

- ***Clearly defined research goals and objectives***
- ***Impartial expert guidance***
- ***Adaptability and flexibility***
- ***Efficient granting***
- ***Intellectual property stewardship***
- ***Review and assessment***
- ***Marketing and outreach***
- ***Cross-agency coordination and collaboration***
- ***Skilled workforce and economic development***

- ***There are three basic components necessary to achieve optimal research program performance: (1) legislative program goals, (2) an impartial expert advisory council, and (3) a program administrator.*** Optimal research program administration requires unique structure, culture, personnel, and supporting services specifically oriented to support research granting programs. SOR found that certain existing entities in the state are well-suited to administer and guide state-funded research programs in order to ensure the key principles are implemented.

SOR's report also includes a more detailed analysis of research contracting and intellectual property management, two complex issues that can significantly impact public benefits from state-funded research.

8660 California Public Utilities Commission

The California Public Utilities Commission (PUC) is responsible for the regulation of privately-owned telecommunications, electric, natural gas, and water companies, in addition to overseeing railroad/rail transit and moving and transportation companies. The PUC's primary objective is to ensure safe facilities and services for the public at equitable and reasonable rates. The PUC also promotes energy conservation through its various regulatory decisions.

Budget Overview: The Governor's budget proposes $1.6 billion and 1,070 positions to support the PUC in the budget year, as shown in the figure below. This is an increase of 38 positions and a decrease of roughly $220 million from the enacted 2017-18 budget, mainly due to a decreased appropriation for the California LifeLine Program.

3-YR EXPENDITURES AND POSITIONS

		Positions			Expenditures		
		2016-17	2017-18	2018-19	2016-17*	2017-18*	2018-19*
6680	Regulation of Utilities	432.2	412.3	411.9	$670,692	$755,238	$761,631
6685	Universal Service Telephone Programs	36.2	33.0	38.6	725,421	996,279	773,873
6690	Regulation of Transportation	168.5	148.6	143.3	30,999	36,866	36,228
6695	Office of Ratepayer Advocates	128.4	159.0	164.9	28,144	36,263	36,957
9900100	Administration	235.1	289.4	311.4	54,166	62,242	61,470
9900200	Administration - Distributed	-	-	-	-54,166	-62,242	-61,470
TOTALS, POSITIONS AND EXPENDITURES (All Programs)		**1,000.4**	**1,042.3**	**1,070.1**	**$1,455,256**	**$1,824,646**	**$1,608,689**

FUNDING		**2016-17***	**2017-18***	**2018-19***
0042	State Highway Account, State Transportation Fund	$4,840	$5,360	$6,415
0046	Public Transportation Account, State Transportation Fund	6,432	7,774	7,878
0412	Transportation Rate Fund	1,692	2,539	-
0461	Public Utilities Commission Transportation Reimbursement Account	14,563	17,887	18,171
0462	Public Utilities Commission Utilities Reimbursement Account	104,235	129,691	136,089
0464	California High-Cost Fund-A Administrative Committee Fund	36,880	49,247	49,256
0470	California High-Cost Fund-B Administrative Committee Fund	17,041	22,330	22,333
0471	Universal Lifeline Telephone Service Trust Administrative Committee Fund	429,684	630,173	428,817
0483	Deaf and Disabled Telecommunications Program Administrative Committee Fund	51,182	64,428	64,403
0493	California Teleconnect Fund Administrative Committee Fund	94,269	153,001	128,041
0890	Federal Trust Fund	5,726	8,952	9,405
0995	Reimbursements	41,670	60,844	60,844
3015	Gas Consumption Surcharge Fund	522,533	562,057	562,057
3089	Public Utilities Commission Ratepayer Advocate Account	28,144	33,263	33,957
3141	California Advanced Services Fund	96,365	77,100	81,023
TOTALS, EXPENDITURES, ALL FUNDS		**$1,455,256**	**$1,824,646**	**$1,608,689**

Issues Proposed for Discussion

Issue 1: Safety and Enforcement Division: Fortify Gas Safety Reliability, Rail Crossings and Engineering, and Rail Operations Branches

Governor's Proposal: PUC requests $2,205,000 from the State Transportation Fund (0042) and the Public Utilities Commission Utilities Reimbursement Account (Fund 0462) for additional operational support and field staff in the Safety and Enforcement Division (SED). Specifically, the request includes 12 new permanent full time positions, classification upgrade of five existing permanent full-time positions, and equipment, training, and travel necessary to facilitate inspections and audits, and to ensure staff safety.

Background: SED oversees the safety of utility and rail infrastructure in California by traveling to facilities for inspections, audits, and investigations, as well as responding to emergencies. This jurisdiction includes thousands of miles of railroad tracks, gas pipelines, and electric power lines, as well as more than 1,000 power plants scattered across the state. The PUC is headquartered in San Francisco, with satellite offices in Sacramento and Los Angeles. SED staff is housed in San Francisco, Los Angeles, and Sacramento, with minimal staff based elsewhere in the state. The staffing breakdown is described below.

Location	Number of SED Staff	% of Total SED Staff
San Francisco	69.5	34%
Los Angeles	83	40%
Sacramento	47	23%
Central Valley/Homebased	7	3%
Total	206.5	100%

The PUC has indicated that they have developed a regional model for SED, splitting the Division into four regions of operations (North, South, Central, and Coastal). The PUC has indicated that this is based on the organization of similar state organizations, such as the Office of Emergency Services.

Staff Comment: The PUC has indicated that the desired reorganization of SED, combined with the additional positions included in this request, will help reduce response times to incidents, expand knowledge and understanding of local infrastructure, and reducing staff travel. However, the PUC has also indicated that the reorganization would involve minimal shifting of staff between offices or "homebasing." While it is reasonable to believe that a reorganized SED could achieve improved outcomes, it is unclear at this point how the proposed organization would operate differently from the existing organization, or why it would require additional resources.

Questions:

1. How will the new organization be functionally different from the existing organization?
2. Could this decentralized model be applied to other branches within the PUC?

Staff Recommendation:
Hold open.

Issue 2: California LifeLine Program State Operations and Local Assistance

Governor's Proposal: The budget requests $396,884,000 in Local Assistance and $31,314,000 in State Operations funding in 2018-19, all from the Universal Telephone Service Trust Administrative Committee Fund (0471), for the California LifeLine Program.

Background: The Moore Universal Telephone Service Act of 1984 set the goal of providing high quality telephone service at affordable rates to eligible low-income households. The act requires the PUC to annually designate a class of lifeline service necessary to meet minimum residential communications needs, develop eligibility criteria (currently 150 percent of the federal poverty level or participation in a variety of existing public assistance programs), and set rates for services, which are required to be not more than 50 percent of the rate for basic telephone service. Over the years, the definition of a "basic service," that originally included only traditional wireline (landline) service, has been considered in the broader context of new technologies and trends towards voice, video, and data services.

The program is funded by a surcharge assessed against intrastate charges on end-users of all telephone corporations and connected Voice over Internet Protocol (VOIP) service providers in California. These charges are estimated to provide a revenue base for the program of roughly $500 million in 2018-19.

In January, 2014, the PUC issued a decision authorizing voluntary participation in the program by wireless service providers offering discounted wireless service plans to low-income households, if they include wireless voice, text, and data services. Since this change, there has been substantial growth in the program and the number of subscribers doubled from fiscal year 2013-14 to 2014-15, with all of the growth in the number of wireless subscribers (offset by a reduction in the number of wireline subscribers).

Staff Comment: As noted last year, enrollment estimates are subject to considerable uncertainty. Generally, the Governor's May Revision provides updated expenditure estimates for caseload-driven programs, such as Medi-Cal and other health and human services programs. These updated estimates help the Legislature make budget allocations that are based on the most up-to-date information available.

The PUC indicates that it plans to provide updated enrollment and cost information for the LifeLine program with this year's May Revision. By relying on the best possible estimates for program expenditures, the Legislature can be more confident that it is providing an amount of funding that is adequate to cover program costs, while also preventing higher-than-necessary costs for non-LifeLine customers.

Staff Recommendation:
Hold open.

Issue 3: California LifeLine Monitoring and Compliance

Governor's Proposal: The budget requests a permanent increase of $619,000 from the Universal Telephone Service Trust Administrative Committee Fund (0471) four additional positions to keep pace with California LifeLine program growth and to address several administrative backlogs.

Background: From 1984 to 2013, California LifeLine discounted only home (wireline) phone service. In January 2014, the PUC issued Decision 14-01-036 to expand and modernize California LifeLine as well as authorize the voluntary participation of wireless service providers in the program. Decision 14-01-036 also delegated many responsibilities to PUC staff including revision of administrative procedures to provide for the efficient operation of California LifeLine and address any California LifeLine irregularities or other issues, and monitoring of California LifeLine service providers to oversee compliance with all program rules. Decision 14-01-036 authorized staff to investigate service providers and participants and remedy instances of waste, fraud, and abuse by service providers as stated in Ordering Paragraph 31 and 32.

Currently, despite the rapid growth in program participation by customers and service providers and expanded program activities, the total number of staff managing the program has remained fixed at seven personnel years since 2012-13. The PUC has indicated that increased workload, which includes more frequent caseload and budget predictions, has outstripped staff resources to prevent fraud in the program and protect and maintain the integrity of program funds. PUC staff has to prioritize work activities, which means that other important program work is being delayed or not implemented,

Staff Comment: It is reasonable to believe that the increase in LifeLine caseload since the 2014 expansion to wireless service. However, the appropriate resource level is at least partially dependent on having an accurate estimate of caseload. As such, it is premature to approve this proposal prior to the updated caseload estimates the Administration will provide as part of the May Revision.

Questions:

- Does PUC have an estimate of the level of noncompliance with LifeLine rules amongst program providers? What cases of noncompliance has PUC uncovered to date?

Staff Recommendation:
Hold open.

Issue 4: California Advanced Services Fund – Internet for All Now Act (AB 1665)

Governor's Proposal: The budget requests $76,554,000 from the California Advanced Services Fund (3141) for the following:

1. Permanent funding for two (2) Senior Telecommunications Engineers to address staffing shortfalls in the program.
2. The conversion of five (5) limited-term positions set to expire on December 31, 2020 to permanent positions.
3. The addition of five (5) new, permanent positions; one (1) new permanent half-time position; and two (2) new limited-term positions to implement the mandates of Chapter 851.
4. Funding of $2.5 million per year for consultant services for the statutorily required California Environmental Quality Act (CEQA) review of projects in the program.
5. Ongoing funding of $72,611,000 for local assistance for the CASF program—an additional seven (7) years beyond the last approval, or until 2029.
6. Budget bill language authorizing a three-year encumbrance period and two-year liquidation period for local assistance funding prospectively and extension of liquidation for current appropriations.

Background: The California Advanced Services Fund (CASF) program was initiated in 2008, after the program was first adopted by the Commission in Decision 07-12-054 and enacted into statute pursuant to SB 1193 (Padilla), Chapter 393, Statutes of 2008. The CASF promotes the deployment of broadband infrastructure in unserved and underserved areas of the state by providing grants and loans to help fund eligible broadband projects. It is funded by a surcharge rate on the revenues collected by telecommunications carriers from the end-users of intrastate services. The PUC was authorized to collect $315 million for CASF through 2020, but not to exceed $25 million per year, unless the CPUC determined that collecting a higher amount in any year will not result in an increase in the total amount of all surcharges collected from telephone customers that year. PUC has indicated that they had collected the entire authorized amount of $315 million by December 1, 2016.

AB 1665 (Eduardo Garcia), Chapter 851, Statutes of 2017, amends Public Utilities Code sections 281 and 914.7 to extend the date of the CASF goal from 2015 to 2022. The bill authorizes the PUC to collect an additional $330 million beginning January 1, 2018 through the 2022 calendar year, bringing the total Program funding authorization to $645 million.

Additionally, pursuant to Public Utilities Code section 912.2(a), the State Controller's Office (SCO) conducted the second independent interim financial and performance audit of the CASF program for the period of July 1, 2010, through December 31, 2015. While the audit overall found the CASF administration "reasonably in compliance" with statute, program requirements, and procedures, the SCO identified "internal control deficiencies and non-compliance." Further, the SCO recommended that the PUC dedicate more resources to perform adequate project management tasks, such as on-site visits, to determine the status of infrastructure projects.

Staff Comment: AB 1665, in extending the CASF program, created additional work requirements for the PUC, including additional program design and administration, stakeholder outreach, and overall program management. Additionally, after PUC approval for infrastructure grants, the PUC conducts environmental review of the infrastructure project pursuant to the California Environmental Quality Act (CEQA). The current Infrastructure Grant Account process requires grantees to request costs for the CEQA compliance from CASF funds and reimburse the PUC for the cost of CEQA consultants. The additional steps of approving grantees' requests for CEQA costs by resolution and the payments request process have caused project delays and cash flow problems for some grantees. The PUC intends to recommend a process to pay CEQA consultant invoices directly from CASF funds without the additional steps of having grantees request CEQA costs through the CASF funds and reimburse PUC.

In the last two completed fiscal years (fiscal years 2015-16 and 2016-17), the Commission awarded approximately $72.6 million of new grants per year. Given AB 1665's extension of the CASF program, this trend of local assistance expenditure will continue into fiscal year 2018-19. Thus, this BCP requests reestablishing ongoing local assistance expenditure authority for an additional seven (7) years of local assistance operations beyond the last grant approval—or until 2029 (assuming the last grant approval is in 2022 as authorized by AB 1665).

Staff Recommendation:
Approve as budgeted.

Issue 5: Building Administrative Infrastructure Core

Governor's Proposal: The budget requests $2,565,000 from various funds for 23 permanent full-time positions, training, and travel to strengthen the administrative core of the department, which supports Safety, Contract and Procurement Services, Human Resources (including hiring and training), and Business Services in the areas of Facilities, Records Management, Forms Management, Fleet Management, and Facilities.

Background: The PUC's responsibilities have expanded over the years to include new technologies, industries, mandates, programs, and goals. Staff has increased accordingly to meet the challenges of the changes in the areas over which the PUC has jurisdiction. However, the PUC has indicated that staffing in Administrative functions, such as Accounting, Human Resources, and Facilities has not kept pace with these staffing increases. Additionally, a series of Department of General Services (DGS) audit reports identified shortcomings in management and cost controls in the Fleet Management and Records Retention units.

Staff Comment: It is reasonable to believe that the PUC's administrative functions have been understaffed for several years. The PUC currently spends about 5.1 percent of its Personal Services budget on Administrative functions. This compares to the 12-15 percent ratio more common at other departments. Additionally, the cited DGC audits identified genuine issues that need to be addressed.

However, these requests must be reviewed in the context of several other PUC requests and reorganizations, including the proposals to decentralize the SED function and increase Sacramento office space. It is unclear at this time whether these or any other changes to the PUC organization will have additional impacts on administrative workload within the department.

Questions:

- How will the SED decentralization proposal impact administrative workload in that division?
- Does PUC foresee any additional organizational changes that will impact administrative workload?

Staff Recommendation:
Hold open.

Issue 6: Electric Transmission Rates Advocacy

Governor's Proposal: The budget requests $1,511,000 (Public Utilities Commission Utilities Reimbursement Account) for ongoing consulting costs ($600,000) and for five additional positions to advocate for California ratepayers at transmission rate proceedings before the Federal Energy Regulatory Commission (FERC) and the California Independent System Operator (CAISO).

Background: California Public Utilities (PU) Code §451 requires the PUC to ensure that electric rates paid by ratepayers are "just and reasonable." Prior to electric restructuring on January 1, 1998, California investor-owned utilities were vertically integrated, with generation, transmission, and distribution under rate regulation by the PUC. As a result of California electric industry restructuring, the Federal Energy Regulatory Commission (FERC) has jurisdiction over the transmission rates that must be borne by California ratepayers in utility rate cases, while the PUC approves the electric generation, distribution, and customer service cost components of utility rates.

PU Code Sections 307, 365, and 451 imposes on the PUC the duty to intervene in transmission rate cases at FERC to help ensure the FERC-authorized rates are just and reasonable before they are passed through to California ratepayers. Once FERC authorizes the utilities to recover transmission costs, the PUC has no independent authority to change FERC-authorized rates. Accordingly, the PUC's General Counsel or their designees represent the PUC in various cases at FERC and other decision-making proceedings. Consultants and the PUC Energy Division analysts perform technical research and discovery for the assigned legal staff, prepare testimony as expert witnesses in FERC transmission rate cases and support legal staff with research in settlement negotiations.

Staff Comment: The PUC currently has minimal representation in FERC transmission rate cases. The current cases range in value from $153 million to $1.72 billion and are serviced by multiple senior attorneys who balance FERC transmission rate cases with other caseloads. At present, there is one staff person supporting one personnel year equivalent of one attorney litigating six active rate cases at FERC, with a consulting budget of less than $200,000 spread over multiple years. Due to their high economic values, transmission rate cases are extremely technical and heavily litigated. Consultants are typically specialized and expensive. The PUC has indicated that, absent additional funding for consulting costs, they will be unable to contract with consultants with the appropriate skill set to effectively advocate for California consumers.

Questions:

1. What has been the impact to California ratepayers of the PUC's limited ability to advocate in FERC proceedings?
2. What kind of rate benefits could California ratepayers expect from improved PUC advocacy at FERC proceedings?

Staff Recommendation:
Approve as Budgeted.

Issue 7: Reduce Carbon Emissions

Governor's Proposal: The budget requests $359,000 per year in ongoing funding (Public Utilities Commission Utilities Reimbursement Account) for two permanent positions and $1,000,000 per year for four years for consulting contract costs.

Background: SB 350 (De Leon), Chapter 547, Statutes of 2015, expanded the PUC's work to include transportation electrification beyond vehicles and required the PUC to order the six electric utilities under its jurisdiction to file applications proposing programs to support transportation electrification.

AB 578 (Blakeslee), Chapter 627, Statutes of 2008 (AB 578), requires the PUC, in consultation with the CAISO and CEC, to biennially study and submit a report on the impacts of distributed energy generation on the state's distribution and transmission grid.

AB 327 (Perea), Chapter 611, Statutes of 2013, requires an electrical corporation, by July 1, 2015, to submit to the PUC a Distribution Resources Plan (DRP) proposal to identify optimal locations for the deployment of Distributed Energy Resources (DERs). The statute requires the PUC to review each DRP proposal and approve, or modify, the DRP for each corporation.

Staff Comment: Pursuant to SB 350, in January 2017 the large investor-owned utilities submitted applications proposing 25 transportation electrification projects with a collective budget of over $1 billion. The applications are currently under consideration at the PUC, and no final decision has been made on the proposed programs. However, if approved, the proposed programs represent a fivefold increase in the number of transportation electrification programs currently overseen by the PUC. If all of the proposed projects are approved, PUC technical staff will be responsible for managing implementation of up to 36 new projects, monitoring their progress towards the state's transportation electrification and GHG reduction goals and advising decision makers on any modifications to the programs to see that these goals are met. PUC has indicated that they lack the necessary staff resources required to properly meet this increased workload.

Additionally, the PUC has indicated that it lacks the technical expertise in-house needed to perform the analysis of DRPs and DERs called for in SB 350, AB 578, and SB 327. The PUC has indicated that they have attempted to direct the utilities to provide the needed analysis, but the utilities have not been willing partners, resulting in delayed and unreliable outcomes. As such, hiring a consultant will help the PUC to determine the optimal grid modernization investments and DER costs within a timeline necessary to meet the statutory requirements.

Questions:

1. Please provide detail about the proposed transportation electrification projects. What kinds of projects, located where?
2. Does PUC anticipate future growth in this type of workload as the transportation sector continues to electrify?

Staff Recommendation:
Approve as Budgeted.

Issue 8: Electric Vehicle Charging Infrastructure at Public Parks, Public Beaches, and Schools (AB 1082 and AB 1083)

Governor's Proposal: The budget requests $546,000 (Public Utilities Commission Utilities Reimbursement Account) for three one-year limited term positions to implement the requirements of AB 1082 (Burke), Chapter 637, Statutes of 2017, and AB 1083 (Burke), Chapter 638, Statutes of 2017. These bills created an expedited review process for applications to install charging stations at certain public properties that requires additional work at the PUC.

Background: AB 1082 authorizes each electric utility to file an application to propose a pilot for the installation of electric vehicle charging stations at school facilities and other educational institutions. It would require the utilities to file these applications by July 30, 2018 and for the PUC to review, modify if appropriate, and decide whether to approve a pilot by December 31, 2018.

AB 1083 authorizes each electric utility to file an application to propose a pilot for the installation of electric vehicle charging stations at state parks and beaches. AB 1083 sets the same expedited timeline as AB 1082 for the filing and review of potential utility proposals. Additionally, AB 1083 requires utilities to consult with the Department of Parks and Recreation, PUC, CEC, and ARB if they file an application. The Department of Parks and Recreation shall determine which parks or beaches are suitable locations for EV charging.

Both bills require all projects to have a reasonable cost recovery mechanism, to participate in time-variant electricity pricing, and serve disadvantaged communities. AB 1082 also authorizes projects to charge users for their electricity use.

Staff Comments: In response to AB 1082 and AB 1083, all six electric utilities under the PUC's jurisdiction could potentially file both an application for a schools pilot and an application for a parks and beaches pilot, totaling twelve new applications for twelve distinct electric vehicle charging infrastructure pilots filed on the same date. In this scenario, the expedited five-month review schedule mandated by AB 1082 and AB 1083 would require PUC staff to review up to twelve new applications concurrently. PUC has indicated that this workload cannot be absorbed by current resources without negatively impacting other work.

Staff finds this request generally reasonable, and in line with the fiscal analyses published with the passage of the two bills in question. However, given the state's growing and extensive efforts to expand ZEV charging infrastructure, staff believes that additional reporting on the outcomes of the possible pilots under these bills could help inform future policy and budgetary decisions.

Questions:

1. What does PUC hope to learn from these pilot projects?

Staff Recommendation:
Approve as Budgeted with Supplemental Reporting Language requiring the PUC to report on the outcomes of the proposed pilot projects.

Issue 9: California Public Utilities Commission Governance, Accountability, Training, and Transportation Oversight Act of 2017 (SB 19)

Governor's Proposal: The budget requests the elimination of ongoing appropriations in the Transportation Rate Fund (TRF, Fund 0412) and 11 related positions, as well as the transfer of $750,000 from the TRF to the Household Movers Fund (HMF), in the Professions and Vocations Fund to fund new responsibilities at the Department of Consumer Affairs (DCA). These changes are intended to enact the requirements of SB 19 (Hill), Chapter 421, Statutes of 2017.

Background: The PUC has authority under Article XII of the State Constitution to establish rules and set rates for various categories of companies that transport passengers and property. Specifically, the PUC has licensing, rate regulation, enforcement, prosecution, rulemaking authority and insurance rate setting responsibility over passenger and goods carriers such as limousines, airport shuttles, transportation network companies, buses, ferries, boats, commercial air operators and household goods carriers.

During the 2015-16 legislative session, the Governor signed a package of bills enacting various reforms to improve public safety, as well as PUC governance, accountability, and transparency. In an accompanying signing message, the Governor directed the Administration to work with the PUC to reorganize duties and responsibilities over transportation-related regulation.

SB 19 (Hill), Chapter 421, Statutes of 2017, approved by the Legislature on September 19, 2017 and signed by the Governor on October 2, 2017, added Article 3.1 to the Business and Professions Code. It transferred jurisdiction over household goods regulation from the PUC to the Department of Consumer Affairs (DCA), effective July 1, 2018. It also required the PUC and DCA to enter into a Memorandum of Understanding to facilitate the transfer of responsibilities.

Staff Comment: The PUC has indicated that the Interagency Agreement between PUC and DCA was executed on February 12, 2018. The PUC has also indicated that only 11 vacant positions are moving to DCA—the Transportation Enforcement Branch (TEB) is not being eliminated. The many Admin/Distributed Admin activities (HR, IT, Facilities, Contracts, Procurement, Fiscal, etc.) will not decrease notably as a result. Staff finds the proposal generally reasonable. It is consistent with the structure of SB 19, and takes a reasoned and appropriate approach to the transfer of responsibilities from PUC to DCA.

Questions:

- What is PUC doing to ensure a smooth handoff of responsibilities to DCA? Have you been in contact with the regulated entities about the transfer?

Staff Recommendation:
Approve as Budgeted.

8660 PUC – Office of Ratepayer Advocate

Per Public Utilities Code Section 309.5, the PUC Office of Ratepayer Advocate (ORA) is a statutorily-defined and independent entity within the PUC that represents and advocates on behalf of public utility customers and subscribers in all significant proceedings within the PUC's jurisdiction, as well as in relevant proceedings before the California Energy Commission, Air Resources Board, California Independent System Operator, and the state legislature. The ORA is required to represent and advocate in order obtaining the lowest possible rate for service consistent with reliable and safe service levels. This entity is funded entirely by the Public Utilities Commission Office of Ratepayer Advocates Account (PUCORA).

Issue 1: Geographical Information Systems Analysis

Governor's Proposal: The budget requests a Research Program Specialist III (Geographic Information Systems) position and $142,000 from the Public Utilities Commission Office of Ratepayer Advocate Account (PUCORA) to perform geographical spatial analysis work associated with evaluating investor-owned utility (IOU) applications and programs across industry areas, and measure program outcomes that impact disadvantaged communities and low-income households.

Background: PUC proceedings occur in industry areas such as energy, telecommunications, and water. SB 350 (de León) Chapter 547, Statutes of 2015, requires that a minimum of 50 percent of electricity generated and sold to retail customers come from renewable sources by December 31, 2030 and the doubling of energy savings and demand reduction in retail electricity and gas use by January 1, 2030. SB 350 and Executive Order B-16-12 encourage the acceleration of transportation electrification. Moreover, Executive Order B-16-12 establishes benchmarks to achieve by 2025 such as 1.5 million zero-emission vehicles on California roads. Public Utilities Codes § 399.4(d), 454.55-56, and 783.5 require the PUC to examine affordable energy options for disadvantaged communities. PU Code § 400 requires the PUC and Energy Commission to take into account the use of distributed energy generation so that that it provides economic and environmental benefits in disadvantaged communities.

AB 401 (Dodd), Chapter 662, Statutes of 2015, directs the State Water Resources Control Board (SWRCB), in collaboration with the PUC and other relevant stakeholders, to create and fund the Low-Income Water Rate Assistance Program, a statewide, rate assistance program for low-income water customers.

PU Code § 882 (b) requires the development of rules, procedures, orders, or strategies to provide Californians access to the widest possible array of advanced communications services and to ensure cost-effective deployment of technology so as to protect ratepayers' interests and the affordability of telecommunications services. PU Code § 451 requires that every public utility furnish and maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public. Additionally, PU Code § 281 requires the PUC to develop, implement, and administer the California Advanced Services Fund program to approve funding for cost effective deployment of broadband to no less than 98% of households in California.

Staff Comments: The ORA does not currently have a position dedicated to GIS analysis. They state that their inability to conduct geographical spatial analysis prevents them from adequately contributing to PUC proceedings across industry areas such as energy, telecommunications, and water. They estimate that, in 2018-19, 33 proceedings will directly benefit from a research program specialist. However it is unclear how many of these proceedings directly measure outcomes that impact disadvantaged communities and low-income households—the main justification for their budget request. Moreover the benefits that California's ratepayers experience, especially in these communities, are unknown. Even though there may be a need for this position and its abilities, sufficient justification has not yet been articulated.

Questions:

1. What can't the ORA do without this position?
2. What has been the impact of ORA's inability to do this analysis work on California's ratepayers, especially in low income and disadvantaged communities?
3. What benefits can California's ratepayers, especially in low income and disadvantaged communities, expect from the ORA utilizing this position?

Staff recommendation:

Hold Open.

Issue 2: Trailer Bill Proposal: Public Advocate's Office

Proposal. This request includes trailer bill language to rename the Office of Ratepayer Advocates as the Public Advocate's Office.

Background. The Office of Ratepayer Advocates has existed in one form or another since the middle part of the last century. It functions as an independent staff within the CPUC, separate and apart from the commissioners' staffs, to advocate on behalf of ratepayers in proceedings before the Commission. More recently, the Legislature has enacted laws (a) to name the Office, (b) to make its director an appointment by the Governor and subject to Senate Confirmation, and (c) to require that it have a separate line item in the budget. The Office has requested that the Legislature update and rename the Office as the "Public Advocate's Office" so that its name more accurately conveys its public interest mission. The Office has indicated that there will be no budget impact related to this name change.

Staff Recommendation. Adopt placeholder TBL.