



August 24, 2023

The Honorable Josh Becker  
California State Senate  
1021 O Street, Suite 7250  
Sacramento, CA 95814

**Re: SB 410 (Becker) – Oppose Unless Amended**

Dear Senator Becker:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We applaud your efforts to hold utilities accountable to energizing Californians, including their new homes and vehicle chargers, in a timely manner. This is key to meet growing customer electricity needs while also advancing the state's climate goals.

However, SB 410's approach allowing investor-owned utilities (IOUs) to collect energization costs from customers prior to a comprehensive review by the CPUC, the Public Advocates Office, and other active and interested stakeholders will pre-empt the CPUC and others from considering alternative utility cost recovery mechanisms that have appropriate ratepayer protections and likely lead to significant and unsubstantiated customer bill increases. Therefore, the Public Advocates Office opposes SB 410, as amended on August 14, 2023, unless it includes the additional ratepayer safeguards described on the following pages.

Specifically, Section 937 of the bill would authorize special balancing accounts for electric investor-owned utilities (IOUs) to track and recover energization costs from customers without CPUC review. Balancing accounts are traditionally used for utility costs that are expected and occur on a regular basis, not to advance an unforeseen amount of revenue for unexpected or unplanned costs.

Connecting customers to the grid is a basic responsibility of the electric IOUs. Requests to seek associated cost recovery from customers should continue to flow through General Rate Cases at the CPUC. This process holds electric IOUs accountable to their sizeable budgets and allows the public and stakeholders to evaluate if their proposed investments are just and reasonable. SB 410's statutorily-mandated special balancing account would allow the electric IOUs to bypass this fundamental CPUC review. It is also important to note that if an electric IOU under-forecasts their energization costs and under collects their authorized revenue they already have the ability to obtain relief through other established CPUC processes.

If an electric IOU does not properly forecast electric demand growth and related investment needs in its General Rate Cases, it has the option to submit amendments to their General Rate Case applications. Additionally, utilities can request that the CPUC establish "memorandum accounts" to record costs above their General Rate Case authorized revenue collection levels, and request to immediately recover a portion of those costs from customers. For example, in June 2023, the CPUC authorized PG&E to collect \$1.1 billion from customers over 12 months in electric rates and bills starting that month. There are numerous other ways an IOU can seek additional revenue outside of its General Rate Case. To our knowledge, PG&E, the utility with a notable backlog of energization requests, has not sought cost recovery for the unforeseen energization investment needs it claims through these CPUC's processes. Nor has PG&E raised energization under-forecasting issues in their currently open General Rate Case proceeding.

Therefore, we respectfully ask that SB 410 be amended to:

**1. Retain the CPUC's flexibility.**

- Remove provisions that restrict the CPUC from determining which cost recovery mechanism is most appropriate;
- Extend the timeline for the CPUC to authorize an energization cost recovery mechanism from 90 days to 180 days. This will help ensure that the CPUC will have sufficient lead time to develop the appropriate oversight mechanisms.

**2. Ensure the special cost recovery mechanism is a backstop.**

- Require utilities to use customer resources authorized for energization in their last General Rate Case before requesting a special cost recovery mechanism;
- If utilities request a new cost recovery mechanism for energization, require them to track spending based on categories consistent with those in their General Rate Case;

- Limit eligibility to utilities that have a General Rate Case approved after the enactment of this bill. This will ensure that the General Rate Case serves as the primary mechanism for utilities to budget for customer energization.

Over the last decade, California households served by the state's largest electric IOUs have endured electric rate increases of between 75 and 105 percent. Every additional rate increase jeopardizes customer electric bill affordability and the state's electrification goals. The Public Advocates Office recently prepared an [electric rates report](#) that illustrates these dynamics in more detail.

As the state progresses in its clean energy and electrification transition, holding our electric IOUs accountable to their authorized budgets and ensuring they are efficiently exercising their core functions, such as customer energization, will become increasingly important.

Please let me know if you have any questions or want to discuss this matter further.

Sincerely,

A handwritten signature in black ink, appearing to read 'Matt Baker', with a stylized flourish at the end.

Matt Baker  
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