

Date of Hearing: April 23, 2025

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

AB 1020 (Schiavo) – As Amended April 21, 2025

SUBJECT: Public utilities: energy: taxpayer funding: reporting

SUMMARY: Establishes mandatory reporting and accountability requirements for investor-owned electric and gas utilities (IOUs) regarding their use of taxpayer funding, such as grants, loans, and bonds from public entities. Specifically, **this bill:**

- 1) Defines “taxpayer funding” as any funds received from public entities in the form of grants, loans, or bonds.
- 2) Requires IOUs to include the following in quarterly reports for any taxpayer funding:
 - a. Name and source of funding.
 - b. Dollar amount received or applied for.
 - c. A spending plan detailing:
 - i. Purpose, description, and timeline of expenditures.
 - ii. Whether the spending is for new or existing costs.
 - iii. Whether it offsets existing costs or creates new ones.
 - d. A calculation of expected benefits to ratepayers, including:
 - i. Cost reductions (capital, interest, taxes) relative to forecasted amounts.
 - ii. Grid investment savings.
 - iii. Changes in revenue requirements and in average customer bills.
 - iv. Tax savings.
 - e. Status of each funding application (approved, denied, pending).
 - f. List of any projects seeking ratepayer funds that also involve taxpayer funding.
- 3) Requires the IOU to ensure compliance with federal disclosure requirements.
- 4) Mandates IOUs, in applications for ratepayer funding, to disclose all relevant taxpayer funding IOUs are pursuing or have secured.
- 5) Mandates the California Public Utilities Commission (CPUC) to require IOU compliance to the quarterly reporting requirements, and affirms the CPUC’s ability to pursue enforcement action including imposing penalties.
- 6) Mandates IOUs to promptly pass any cost savings or other benefits of taxpayer funding on to ratepayers. Specifies the CPUC may adjust IOU revenue requirements or rate applications to account for these savings.
- 7) Requires the CPUC to submit an annual report to the Legislature with a summary of the taxpayer funding reported pursuant to this bill, and requires the CPUC to ensure the summary complies with federal disclosure requirements.

EXISTING LAW:

- 1) Establishes and vests the CPUC with regulatory jurisdiction over public utilities, including electrical and gas corporations. (Article XII of the California Constitution)
- 2) Authorizes the CPUC to fix the rates and charges for public utilities and requires those rates and charges to be just and reasonable. (Public Utilities Code § 451)
- 3) Authorizes the CPUC to inspect the accounts, books, papers, and documents of any public utility, or any affiliate, subsidiary, or holding corporation of that utility; and to examine under oath any officer, agent, or employee of such a utility in relation to its business and affairs. (Public Utilities Code § 314)
- 4) Requires the commission to track an IOUs actual rate of return relative to its forecasted rate of return, and requires the IOUs to identify the cost categories where projected costs differed from actual costs. (Public Utilities Code § 451.8)
- 5) Requires every public utility to furnish to the CPUC all information the CPUC requests, including tabulations, computations, maps, reports, books, and records. (Public Utilities Code §§ 581-582, 585)
- 6) Establishes information provided by utilities to the CPUC is confidential and not open to public inspection unless ordered by the CPUC. Makes unauthorized disclosure by CPUC personnel a misdemeanor. (Public Utilities Code § 583)
- 7) Mandates the CPUC to require electrical or gas corporations to annually notify the CPUC of each time that capital or expense revenue authorized by the commission for maintenance, safety, or reliability was redirected by the electrical or gas corporation to other purposes. (Public Utilities Code § 591)
- 8) Authorizes the CPUC to require a public utility to correct any rates, practices, equipment or behavior that is unjust, unreasonable, unsafe, improper, inadequate, or insufficient. (Public Utilities Code § 761)
- 9) Prohibits the CPUC from prescribing a system of accounts and form of accounts, records, and memoranda for corporations subject to the regulatory authority of the United States that is inconsistent with that established and updated by or under the authority of the United States. (Public Utilities Code § 793)
- 10) Requires the CPUC to prepare a report on the costs of programs and activities conducted by the major electric and gas IOUs. (Public Utilities Code § 913)
- 11) Requires the CPUC to prepare a report with recommendations for actions that can be undertaken during the succeeding 12 months, and those that may take longer, to limit utility cost and rate increases. (Public Utilities Code § 913.1)

FISCAL EFFECT: Unknown. This bill is keyed fiscal, and will be referred to the Assembly Committee on Appropriations for its review.

CONSUMER COST IMPACTS: Unknown. This bill seeks to increase financial transparency around how IOUs leverage outside funding sources. Such transparency may result in lower costs to ratepayers. However, there is likewise a cost, perhaps small, to IOUs to meet the reporting and disclosure requirements of this measure; those costs would likely be passed along to customers.

BACKGROUND:

Resolution E-5254 – In April 2023, the CPUC adopted Resolution E-5254 which formalized tracking of IOU federal funding opportunities. Resolution E-5254 establishes procedural mechanisms for California’s electric and gas IOUs to seek cost recovery for expenses (i.e., matching funds and tax liabilities) associated with federal grant programs, including the Infrastructure Investment and Jobs Act (IIJA), the Inflation Reduction Act (IRA), and the Creating Helpful Incentives to Produce Semiconductors and Science Act (CHIPS). The Resolution established reporting, cost recovery, and oversight guidance, and shown in Table 1.

Table 1: Summary of CPUC requirements in Resolution E-5254.¹

Category	Details
Cost Recovery Framework	IOUs may establish memorandum accounts to track matching fund costs and tax liabilities from federal grants.
	Cost recovery must go through existing General Rate Case (GRC) or application processes.
Quarterly Reporting	Required start in Q3 2023.
Requirements	IOUs must submit quarterly advice letters to the CPUC Energy Division.
	Reports must detail: federal grant applications, awarded funds, project status, expenditures, and anticipated ratepayer benefits.
	Standardized templates provided by Energy Division to ensure consistency.
Implementation & Oversight	Utilities must follow established reporting schedules and requirements.
	CPUC Energy Division monitors compliance and offers implementation guidance.
	Reporting requirements can be adjusted to align with changing federal funding opportunities and state goals.

In response to Governor Newsom’s Executive Order N-5-24,² the CPUC summarized the various federal funding opportunities California’s IOUs have secured and reported as part of Resolution

¹ CPUC Resolution E-5254; April 6, 2023;
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M506/K016/506016078.PDF>

² <https://www.gov.ca.gov/wp-content/uploads/2024/10/energy-EO-10-30-24.pdf>

E-5254, as shown in Table 2. The CPUC noted their continued strong support and encouragement of IOU efforts to secure any and all available non-ratepayer funding.³

Table 2: Summary of federal funding secured by the IOUs.⁴

Applicant	Project	Award Amount	Description
PG&E, SCE, CEC, CPUC, CAISO, UC Berkeley	CHARGE-2T (California Harnessing Advanced Reliable Grid Enhancing Technologies for Transmission) ⁵	\$600M Federal Share / \$901M Ratepayer Share	Reconductor 100+ miles of transmission lines to increase capacity and support renewables integration. Also supports interconnection reform.
PG&E, Redwood Coast Energy Authority, Schatz Energy Research Center at Cal Poly Humboldt	Tribal Energy Resilience and Sovereignty (TERAS) Project ⁶	\$88M Federal / \$89M Ratepayer	Implement nested microgrids for tribal lands (Hoopa Valley, Yurok, Karuk, and Blue Lake Rancheria) to drastically reduce outage times.
Liberty Utilities	Project Leapfrog	\$13M Federal Share / \$13M Ratepayer Share	Upgrade the distribution system for real-time information gathering, manipulability, and faster outage management.
CPUC, CEC, CA Infrastructure and Economic Development Bank, CA Labor & Workforce Development Agency	Solar for All ⁷	\$249.8M	Deliver residential solar to low-income and disadvantaged communities across the state.
PG&E	Maintaining & Enhancing Hydroelectricity (Section 247) ⁸	\$34.5M for 39 projects	Maintain and improve existing hydropower facilities.
PG&E	Project Polaris	\$15B Loan	Expand hydropower generation, battery storage, and grid-enhancing technologies, including enabling virtual power plants.

³ Pg. 27 and Table A-3; CPUC; *Response to Executive Order N-5-24*; February 18, 2025.

⁴ Table A-3; pg. 34-35; CPUC; *Response to Executive Order N-5-24*; February 18, 2025.

⁵ DOE Grid Resilience and Innovation Partnerships Program; GRIP FactSheet;

https://www.energy.gov/sites/default/files/2024-10/CaliforniaEnergyCommission_GRIP%2020240103b_Fact_Sheet.pdf

⁶ DOE Grid Resilience and Innovation Partnerships Program; TERAS FactSheet;

https://www.energy.gov/sites/default/files/2024-10/RedwoodCoastEnergyAuthority_GRIP%2020240103b_Fact_Sheet.pdf

⁷ U.S. EPA “Solar for All” website; <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>

⁸ DOE Section 247: Maintaining and Enhancing Hydroelectricity Incentives Selections; https://www.energy.gov/gdo/section-247-maintaining-and-enhancing-hydroelectricity-incentives-selections?utm_medium=email&utm_source=govdelivery

Pacific Gas & Electric's \$15 Billion Loan – The largest, by far, of these federal funding amounts shown in Table 2 is a \$15 billion loan from the U.S. Department of Energy to Pacific Gas & Electric (PG&E). Announced in December 2024, the \$15 billion loan is to modernize PG&E's power grid and expand clean energy infrastructure across Northern and Central California.⁹ This initiative, known as Project Polaris, is part of the DOE's Energy Infrastructure Reinvestment program under the Inflation Reduction Act. The loan's key objectives include refurbishing PG&E's 61 hydroelectric powerhouses, supporting the expansion of battery energy storage systems, upgrading transmission lines through reconductoring and grid-enhancements, and deploying virtual power plants. The loan is expected to support ongoing job creation and community investment, as well as generate an estimated \$1 billion in customer savings, according to PG&E, over the life of the loan.¹⁰

While the loan has been lauded for its potential benefits, some advocacy groups have expressed skepticism. The Environmental Working Group, for instance, has raised concerns about PG&E's history of passing costs onto consumers and questioned whether the promised savings will materialize.¹¹ The DOE has stipulated that PG&E must demonstrate that the financial benefits from the loan will be passed on to customers and communities served by the utility.¹² This includes meeting specific technical and financial conditions before the loan is fully disbursed.¹³

COMMENTS:

- 1) *Author's Statement.* According to the author, "Californians are suffering under high electricity rates that are only expected to grow in the coming years to pay for wildfire safety measures and needed grid infrastructure and resiliency projects. Alternative financing structures, such as the \$15 billion Department of Energy loan to Pacific Gas and Electric, are key strategies to reducing the growth of customer energy bills. Lower financing costs projected from taxpayer funded loans or grants are savings that should be passed on to ratepayers. Assembly Bill 1020 will ensure frequent and transparent reporting on the use of public funds by investor-owned utilities, so Californians can be confident their dollars are going towards lowering their energy bills."
- 2) *Purpose of Bill.* Following the historic federal spending on clean energy infrastructure over the last few years, including more than \$62 billion to DOE through the IIJA,¹⁴ a

⁹ DOE Loan Programs Office, "LPO Announces Conditional Commitment to Pacific Gas & Electric Company to Expand Hydropower Generation, Battery Energy Storage, and Transmission;" DOE Blog; December 17, 2024; https://www.energy.gov/lpo/articles/lpo-announces-conditional-commitment-pacific-gas-electric-company-expand-hydropower?utm_source=chatgpt.com

¹⁰ PG&E News Release; "PG&E Customers Could Save Up to \$1 Billion through Federal Loan Program;" December 17, 2024; https://www.pge.com/en/newsroom/currents/energy-savings/pg-e-customers-could-save-up-to--1-billion-through-federal-loan-.html?utm_source=chatgpt.com

¹¹ Alex Formuzis, "Biden administration approves staggering \$15B loan for PG&E;" *EWG News Releases*; December 17, 2024; https://www.ewg.org/news-insights/news-release/2024/12/biden-administration-approves-staggering-15b-loan-pge?utm_source=chatgpt.com

¹² PG&E 8-K filing, report dated January 17, 2025. Section 7.24 of Loan Guarantee Agreement, p. 185 of PDF. <https://d18rn0p25nwr6d.cloudfront.net/CIK-0001004980/b24ddc84-d39b-4a5a-a66d-5b7653143384.pdf>

¹³ DOE Loan Programs Office, "LPO Announces Conditional Commitment to Pacific Gas & Electric Company to Expand Hydropower Generation, Battery Energy Storage, and Transmission;" DOE Blog; December 17, 2024; https://www.energy.gov/lpo/articles/lpo-announces-conditional-commitment-pacific-gas-electric-company-expand-hydropower?utm_source=chatgpt.com

¹⁴ U.S. DOE IIJA Overview website; <https://www.energy.gov/gdo/bipartisan-infrastructure-law>

significant amount of non-ratepayer funding has been awarded to California's utilities – as shown in Table 2 above – in order to advance the state's clean energy and climate policies while minimizing the burden to ratepayers. This bill seeks to ensure that these taxpayer funds are used appropriately, and that ratepayer funds complement – not duplicate – efforts, by requiring regular and transparent disclosure of funding activities. The disclosure requirements in this measure largely mirror the reporting called for by the CPUC in Resolution E-5254, adopted in April 2023.¹⁵ PG&E, writing in opposition, affirms this by noting the reporting in this bill is “redundant.”

While codifying a favorable CPUC practice seems prudent, this bill slightly expands the scope of Resolution E-5254. The CPUC Resolution is mostly focused on specific federal programs (IIJA, IRA, CHIPS) while AB 1020 is not specific, and encompasses a broader range of potential taxpayer funding sources. Moreover, this bill requires the CPUC to provide an annual report to the Legislature summarizing IOUs' taxpayer-funded activities and associated ratepayer benefits; whereas, Resolution E-5254 mandates quarterly reports to the CPUC's Energy Division but does not include a legislative reporting component. Such public reporting may be especially valuable given the funding disclosed includes both ratepayer and taxpayer sources.

3) *Related Legislation.*

AB 1017 (Boerner, 2025) requires that, as part of its general rate case, an IOU must report a number of additional figures regarding costs, including the cost of repairs and replacement of assets, the historical rate of return, and information about distribution capacity. Status: set for hearing in this committee on April 23, 2025.

SB 620 (Stern, 2025) requires the commission to prioritize independent verification of utility data used to justify general rate case proposals for capital investments in electrical distribution and transmission grid infrastructure and the operation and maintenance of that infrastructure. Status: *pending hearing* in the Senate Committee on Energy, Utilities and Communication

4) *Prior Legislation.*

AB 2666 (Boerner) requires the CPUC to review forecasted costs by electric and gas utilities on a more frequent basis after the approval of each GRC, and to adjust the authorized revenue requirement in the subsequent GRC, as appropriate, based on actual past cost. Status: Chapter 413, Statutes of 2024.

AB 3256 (Irwin, 2024) requires the CPUC to annually determine if accounts of public utilities have achieved their intended purpose; and if not, to deny ratepayer recovery of the costs recorded therein and to limit the public utility in using such accounts. Additionally requires the CPUC to include the status of utilities' accounts as part of an existing report. Status: Held in the Senate Committee on Appropriations.

¹⁵ CPUC Resolution E-5254; April 6, 2023;
<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M506/K016/506016078.PDF>

AB 3264 (Petrie-Norris) includes a suite of proposals to help address energy costs; these include requiring large electrical corporations, as defined, and large gas corporations, as defined, by January 1, 2026, and each year thereafter, to publish on their internet websites and provide to the CPUC a visual representation of certain cost categories included in residential electric or gas rates for the succeeding calendar year. Status: Chapter 762, Statutes of 2024.

REGISTERED SUPPORT / OPPOSITION:**Support**

Agricultural Energy Consumers Association
California Environmental Voters (formerly CLCV)
The Utility Reform Network (TURN)

Opposition

Pacific Gas and Electric Company and Its Affiliated Entities

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