



The Public
ADVOCATES
OFFICE

The Consumer Advocate at the
California Public Utilities Commission



ANNUAL REPORT 2024





DIRECTOR'S LETTER

It is my privilege to present the Public Advocates Office's 2024 Annual Report, which reflects our steadfast commitment to advocate for affordable, safe, and reliable utility services while advancing California's climate and energy goals.

As the newly appointed director of this office, I am honored to lead this exceptional team of analysts, engineers, lawyers, and policy experts as we continue to fight for California's utility customers. Our office has long championed consumer advocacy to keep affordability and equity central to decisions that impact households across the state.

Currently, customers face numerous electricity rate increases and many families are struggling to pay their bills. Reducing costs for customers will drive all our efforts in 2025.

To meet this challenge, we will build on our strong track record of representing ratepayer interests in proceedings before the California Public Utilities Commission (CPUC). We

will also continue to work collaboratively with other state agencies, consumer advocate

groups, and environmental advocacy and social justice organizations to ensure our analyses and recommendations provide decisionmakers with the tools they need to achieve the best possible outcomes for customers.

Looking back on 2024, I am proud of our accomplishments, which include:

- Proposing reductions, where appropriate, to energy and water utilities' requests to raise customer bills
- Strengthening wildfire safety plans to protect customers at the lowest feasible cost
- Advocating for affordable broadband access for California's unserved and underserved communities
- Championing reforms to prevent unexpected and unfair water billing practices
- Delivering in-depth analyses to guide cost-effective and equitable grid electrification
- Holding utilities accountable so ratepayers are not burdened with unnecessary costs
- Promoting rate design reforms that improve equity, reduce volatility, and support California's long-term climate objectives

Looking ahead to 2025, our work will focus on addressing the electricity rates crisis and prioritizing affordability, reliability, and equity for all customers across communications, water, and energy.

Our key priorities for 2025 include:

- Driving innovative strategies to lower customer utility bills without compromising service quality
- Expanding efforts to ensure California's transition to electrification and decarbonization is equitable and affordable
- Advancing reforms to the Carrier of Last Resort (COLR) rules so customers have access to modern, reliable, and affordable communications services, including broadband with speeds that meet connectivity demands today and in the future

As we face the challenges of this moment, I am confident in our ability to deliver results for ratepayers. Together, we will ensure that California's utility policies reflect the needs of its people while supporting the state's broader climate and energy goals.

To learn more about our work and initiatives, I invite you to visit our website at <https://www.publicadvocates.cpuc.ca.gov>.

- Linda Serizawa, Director, Public Advocates Office

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Photos: Public Advocates Office staff visit PG&E's Helms power station.

OVERVIEW

Who We Are

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We are tasked with ensuring that investor-owned utilities provide services that are affordable, safe, and reliable.

For more than four decades, we have been a strong voice for households and small businesses – particularly low-income and disadvantaged customers – who might otherwise lack representation in decisions that directly impact their utility bills and service quality.

Our Advocacy

Our team of analysts, engineers, and lawyers keep utility customer affordability, safety, and equity at the forefront of our work.

One of our most critical roles is to evaluate investor-owned utilities' rate increase requests. Utilities must seek CPUC approval for these increases, and we thoroughly scrutinize their proposals for accuracy and necessity. Our recommendations, which are frequently incorporated into the CPUC's final decisions, deliver direct savings for ratepayers – often reducing the largest utilities' proposed increases by billions of dollars each year.

Our Unique Role

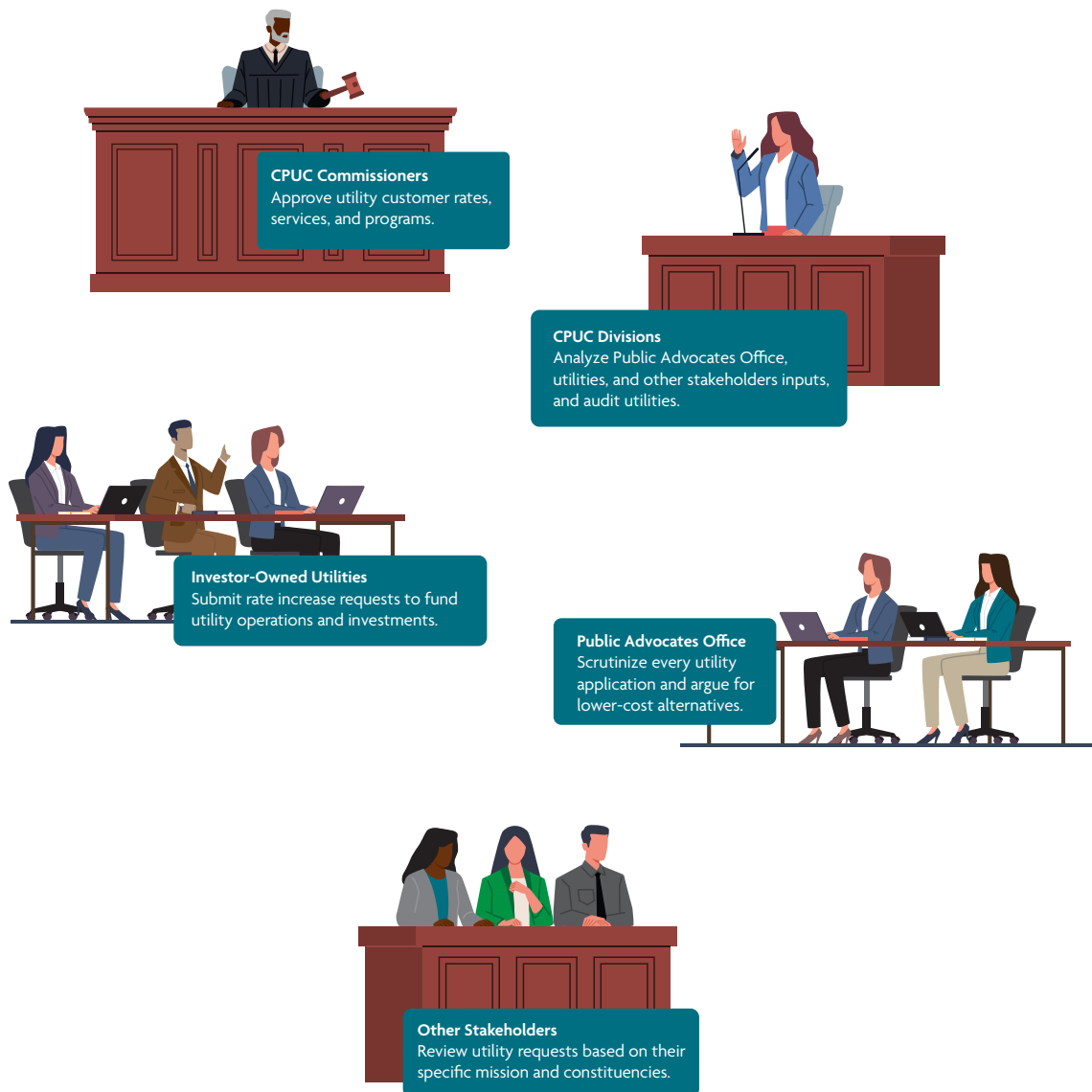
The Public Advocates Office's work centers on conducting comprehensive evaluations of utility analyses, legal claims, and supporting data, as well as developing our own cost models. We strive to ensure that customers receive the lowest possible monthly utility bills by:

- Examining utility operations and projected costs
- Reviewing utility accounts and related information
- Forecasting and analyzing future customer rates
- Assessing utility risk evaluations
- Utilizing complex energy and geographic information system (GIS) modeling

We use these tools to advocate before the CPUC and other forums to find solutions that lower costs while protecting customers. In addition, we inform policymakers and the public about our findings and recommendations. This includes providing technical assistance, collaborating with other agencies, and offering briefings on rate projections, complex proceedings, and pressing issues in energy, water, and communications.

The CPUC's Role

The CPUC serves as the state agency tasked with regulating privately-owned energy, telecommunications, and water utilities. During its proceedings, CPUC decisionmakers evaluate our ratemaking, legal, and policy analyses alongside input from other stakeholders to guide the agency's decisions on customer service rates and programs. Additionally, the CPUC conducts audits of utility accounts to ensure customer funds are used in accordance with approved plans.



In 2024, we advocated in 208 proceedings and filed 811 pleadings at the CPUC on behalf of customers.

Our Impact

In 2024, the Public Advocates Office represented customers in 208 proceedings and submitted 811 pleadings to the CPUC. Our advocacy addressed a broad spectrum of issues, including:

- Proposing measures to increase utility shareholders' financial responsibility for wildfire damages
- Recommending policies to minimize surprise surcharges for water utility customers
- Expanding broadband access in rural and underserved communities

We also worked proactively to advance the needs of customers, particularly those most vulnerable, by:

- Developing creative strategies to enhance customer outcomes
- Providing decisionmakers with educational and technical assistance
- Engaging directly with communities through town halls and stakeholder meetings

These efforts, along with many others detailed in this report, reflect our commitment to safeguard utility customers' interests.

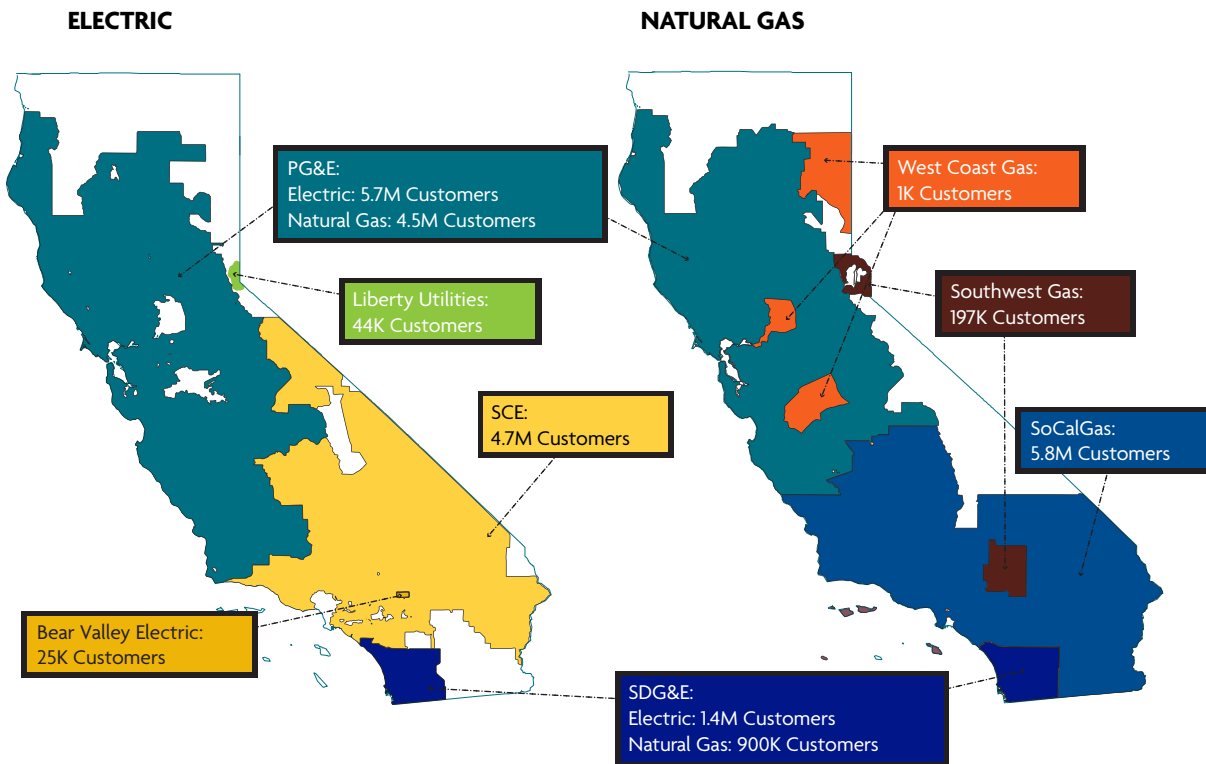


Photo: Public Advocates Office staff visit PG&E's Embarcadero Substation.

ENERGY

The Public Advocates Office represents the interests of over 30 million customers of investor-owned electricity and natural gas utilities across California. We develop and advance policy recommendations to improve the affordability, reliability, and safety of gas and electric service. We conduct our work with the understanding that even small savings on utility bills can make a big difference for households and small businesses.

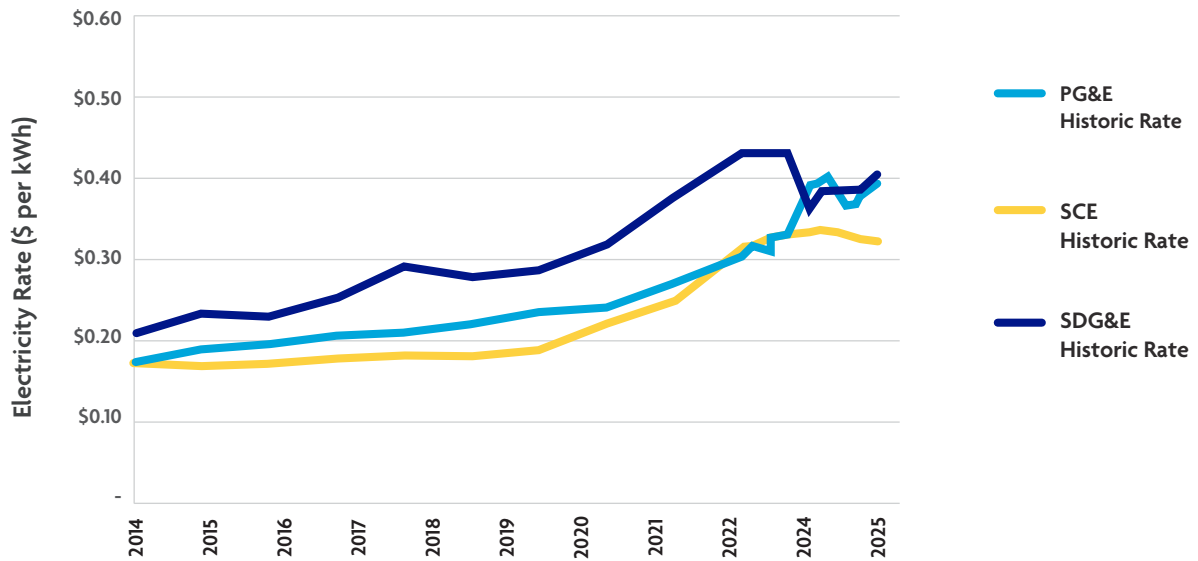
Figure 1. The Public Advocates Office Represents Customers Served by Privately-Owned Electric and Natural Gas Utilities



Source: Public Advocates Office.

The amount most Californians pay for electricity and natural gas has increased significantly. In particular, average residential electric rates about doubled across the major investor-owned utilities over the last decade and far outpaced inflation.

Figure 2. Average Residential Electric Rates by Utility



Source: Public Advocates Office analysis of utility data showing latest Bundled Residential Average Rates (RAR) as of October 1, 2024.

Our Energy Team’s Work

Our advocacy work is largely done through participating in proceedings at the CPUC. In these proceedings, a formal decisionmaking process led by the CPUC, we scrutinize utility proposals and recommend adjustments to the amounts requested.

Our team of engineers, analysts, and attorneys also develop policy recommendations regarding energy infrastructure, utility operations, wildfire safety, and myriad other issues considered by the CPUC.

We have been instrumental in developing recommendations on how California can most cost-effectively meet its clean energy goals. New investments in the state’s electric grid are needed to facilitate the transition to more clean electricity and carbon neutrality. For example, the state will need to more significantly increase access to clean power and build out associated infrastructure over the next two decades to meet its ambitious goals. How the state plans and executes the transition will have implications for electric and natural gas customers.

Over the past year, our energy team engaged in 164 proceedings and filed 617 pleadings on behalf of utility customers.

Our specific policy recommendations and contributions included:

Advocated for a Fixed Charge that will reduce the price of electricity rates for all customers and reduce bills for low-income customers

In May 2024, the CPUC adopted a fixed charge as part of the Demand Flexibility proceeding (Rulemaking 22-07-005). This better aligns utility bills with actual costs, by recovering certain fixed costs – such as grid maintenance and subsidy programs – through a flat monthly charge, rather than linking recovery of these costs to the amount of electricity consumed. The goal is to make utility billing more equitable so that all customers pay their fair share of these costs while ensuring that essential grid services are adequately funded.

The fixed charge will vary based on income, meaning higher-income households may pay more, while lower-income households pay less. By recovering certain costs through this fixed charge, electricity rates will decrease, helping to reduce bill fluctuations and encourage consumers to electrify their homes and vehicles.



In 2025 and beyond, we will remain actively engaged in the proceeding to address future iterations of the fixed charge. This includes updating cost inputs, developing additional categories for moderate-income customers, and refining income verification methods. Our office has published a series of resources on the fixed charge, which can be found here: [Fixed Charge Resources](#).¹

Presented recommendations to ensure utilities submit meaningful and measurable wildfire safety plans at a reasonable cost to ratepayers

SB 884, which was enacted in 2022, allows large electric utilities to submit 10-year plans to move power lines underground to improve safety and reliability, especially in wildfire-prone areas. The Public Advocates Office has been actively involved in shaping these plans by providing recommendations on key issues such as the need for specific project plans to accompany broad programmatic goals, the need to assess alternatives to undergrounding that incorporate both construction time and the impacts of routing, and how cost controls should be established.

Our office's goal is to ensure that utilities' undergrounding efforts lead to measurable and timely improvements without imposing excessive financial burdens on ratepayers. The Office of Energy Infrastructure Safety is continuing to develop its oversight of SB 884 undergrounding plans, which we anticipate utilities will submit in 2025.

We are also advocating for prioritizing the use of ratepayer funds on undergrounding the riskiest segments. There is concern that utilities may prioritize undergrounding in areas where covered conductors and "fast trip" settings could provide faster and more cost-effective safety solutions. Without these considerations, customers could face tens of billions of dollars in rate increases for undergrounding projects, while wildfire risks remain inadequately addressed in the near term.

Submitted proposals to streamline transmission project permitting processes

In the General Order (GO) 131 proceeding, which governs the CPUC's transmission project permitting process, the Public Advocates Office proposed two strategies to streamline permitting. First, our office recommended prioritizing and fast-tracking approval for cost-effective transmission projects that unlock the most renewable energy. Second, we proposed allowing utilities to share existing transmission rights of way with third-party developers, reducing the need for new infrastructure.

As a result, both concepts were included in the CPUC Staff Straw Proposal for further consideration, aiming to accelerate renewable energy development while minimizing costs for ratepayers.

Negotiated a settlement with PacifiCorp resulting in \$6.8 million in ratepayer savings

In PacifiCorp's 2024 Energy Cost Adjustment Clause (ECAC) proceeding (A.23-09-008) – a mechanism that adjusts rates annually to reflect changes in the utility's energy procurement costs – the company requested \$30.3 million to cover expected energy and greenhouse gas costs. The Public Advocates Office played a key role in negotiating a settlement, which was adopted by the CPUC in November 2024. This settlement reduced the requested amount to \$23.5 million, achieving \$6.8 million in ratepayer savings.

¹ Fixed Charge Resources, Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/income-graduated-fixed-charge-qa>.

Provided alternatives to help reduce the Sempra Utilities' General Rate Case requests by over \$2 billion

In May 2022, Sempra Utilities filed its General Rate Case applications for San Diego Gas & Electric (SDG&E) and Southern California Gas Company (SoCalGas). These applications outlined proposed increases in rates over a four-year budget period, starting in 2024. SDG&E and SoCalGas asserted these requests were necessary to fund system upgrades, safety measures, and various other operational costs. The Public Advocates Office evaluated the requests and scrutinized the proposed expenditures to ensure that any rate increases were fair and reasonable.

SDG&E requested to increase its average annual spending to \$12.8 billion by 2027. After a thorough review of SDG&E's proposal, we recommended the CPUC reduce this request by about \$1.1 billion. SoCalGas requested to increase its average annual spending to \$15.75 billion by 2027. We recommended the CPUC reduce this request by about \$1.25 billion.

On December 20, 2024, the CPUC adopted many of the Public Advocates Office's recommendations in its decision. Costs for the Palomar Hydrogen Project were excluded, and unsupported capital projects were removed from SDG&E's proposal. Both utilities faced significant cuts to their Clean Energy Innovations programs, and incentive compensation costs were shared between shareholders and ratepayers. The CPUC also adopted our healthcare cost forecasts. Additionally, the decision reduced SDG&E's undergrounding plans, favoring more cost-effective covered conductor solutions where appropriate. These outcomes protect ratepayers from unnecessary costs while maintaining utility reliability and safety.

Proposed a \$34.8M decrease for SCE and SDG&E's nuclear decommissioning proposal

In the Nuclear Decommissioning Cost Triennial Proceeding (A.22-02-016), Southern California Edison (SCE) and San Diego Gas & Electric (SDG&E) sought approval for the recovery of costs associated with decommissioning their nuclear facilities, including the San Onofre Nuclear Generating Station. Decommissioning refers to the process of safely dismantling a nuclear facility after it is no longer in use, ensuring that all radioactive materials are securely managed, and environmental impacts are minimized.

The Public Advocates Office proposed a \$34.8 million adjustment, citing imprudent actions related to the storage of nuclear fuel. A settlement agreement was reached between the Public Advocates Office, SCE, and SDG&E, resulting in a \$30 million disallowance from the requested costs, saving ratepayers from covering unnecessary expenses. In August 2024, the CPUC issued a final decision approving the settlement agreement.

Advocated for limiting costly procurement of resources to help manage ratepayer costs

In 2023, the Legislature passed AB 1373, which allows the Department of Water Resources (DWR) to procure long lead-time (LLT) energy resources to support California's clean energy goals. These resources, such as offshore wind and geothermal resources, could help to achieve the state's carbon reduction targets but are highly capital-intensive and may not be developed without state intervention or large energy buyers.

The Public Advocates Office submitted comments emphasizing that DWR's procurement should be limited to offshore wind and should be consistent with the CPUC's adopted Preferred System Plan (PSP), as this technology is unlikely to be realized without substantial state assistance. Our office also highlighted critical concerns around cost allocation and whether some load-serving entities should be allowed to opt out of contributing to these procurements. These measures are crucial to keeping ratepayer costs in check while ensuring that the state's clean energy infrastructure is developed in an equitable and cost-effective manner.



Analyzed the implications of electrification on California's grid

The Public Advocates Office's Distributed Grid Electrification Model (DGEM) is a critical tool used to assess how the transition to widespread electrification, particularly from electric vehicles (EVs) and buildings, affects California's distribution grid. [DGEM 1.0](#), released in 2023, provided an initial analysis of the grid's capacity and the estimated cost of upgrades to handle the growing demand from electrification.² This study was essential in helping utilities and policymakers understand the operational pressures on the grid and develop strategies to mitigate costs, maintain reliability, and support clean energy goals.

DGEM 2.0, which we expect to complete by mid-2025, will build upon this foundational work. Using updated data from the Department of Motor Vehicles (DMV) and investor-owned utilities and new information on building electrification, it will refine the previous findings and expand the analysis in three important ways. First, DGEM 2.0 will explore various EV load profile scenarios to understand how different patterns of EV charging – such as time-of-day use – affect the distribution grid. Second, it will analyze how the geographical placement of EV loads along transport corridors influences grid reliability and infrastructure needs. Third, the study will broaden its scope to include how building electrification impacts grid capacity and performance. [Preliminary DGEM 2.0 findings](#) were published by our office in November 2024.³

DGEM's insights are crucial for California as it strives to meet its carbon reduction goals while ensuring that the electrification transition does not unduly burden ratepayers. The findings will help guide investment in grid upgrades and policy decisions to minimize costs for consumers and improve grid reliability during the state's shift to a clean energy future.

2 Distributed Grid Electrification Model 1.0 Findings, Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/distribution-grid-electrification-model-findings>.

3 Distributed Grid Electrification Model 2.0 Preliminary Analysis, Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/distribution-grid-electrification-model-2024>.



COMMUNICATIONS

Our team is composed of analysts with expertise in broadband, telecommunications services, and digital equity. In 2024, we continued our efforts to advance customer protections for safe, reliable, and affordable broadband and communications services, and developed policy recommendations towards improving broadband access and equity.

Our Communications Team's Work

Advocated for affordable broadband service, requiring a low-cost broadband service option from Small Local Exchange Carriers, and urged the CPUC to give priority to proposed broadband projects in unserved areas

Broadband is an essential communications service, but its price often determines whether households can access this service.⁴ In 2024, we published the second update of our annual white paper, [Broadband Pricing Trends in California: Implications of broadband pricing in achieving universal access to fixed broadband](#).⁵ The report tracks California's broadband pricing trends over time, highlighting the significant impact of cost on household adoption.

As detailed in our analysis, non-promotional monthly residential broadband prices varied widely across speed tiers and service delivery technology in 2023. Fixed wireless broadband plans offering download speeds between 51 Mbps and 100 Mbps showed the greatest price variability, as shown in Figure 3 on the following page.⁶

A companion report, [Focus: Broadband Pricing Trends for California's Small Local Exchange Carriers, 2024 Report](#), revealed that Small Local Exchange Carriers (LECs), particularly those that receive state subsidies from the California High-Cost Fund-A (CHCF-A),⁷ charged some of the highest prices in the state for wired broadband service.⁸ These findings emphasize the need for stronger measures to ensure affordability and accessibility, especially in underserved communities.

4 2023 Statewide Digital Equity Survey Report, François Bar, Hernan Galperin, Thai V. Le. <https://s42263.pcdn.co/wp-content/uploads/2023/12/2023-Statewide-Digital-Equity-Survey-Final-Report.pdf>.

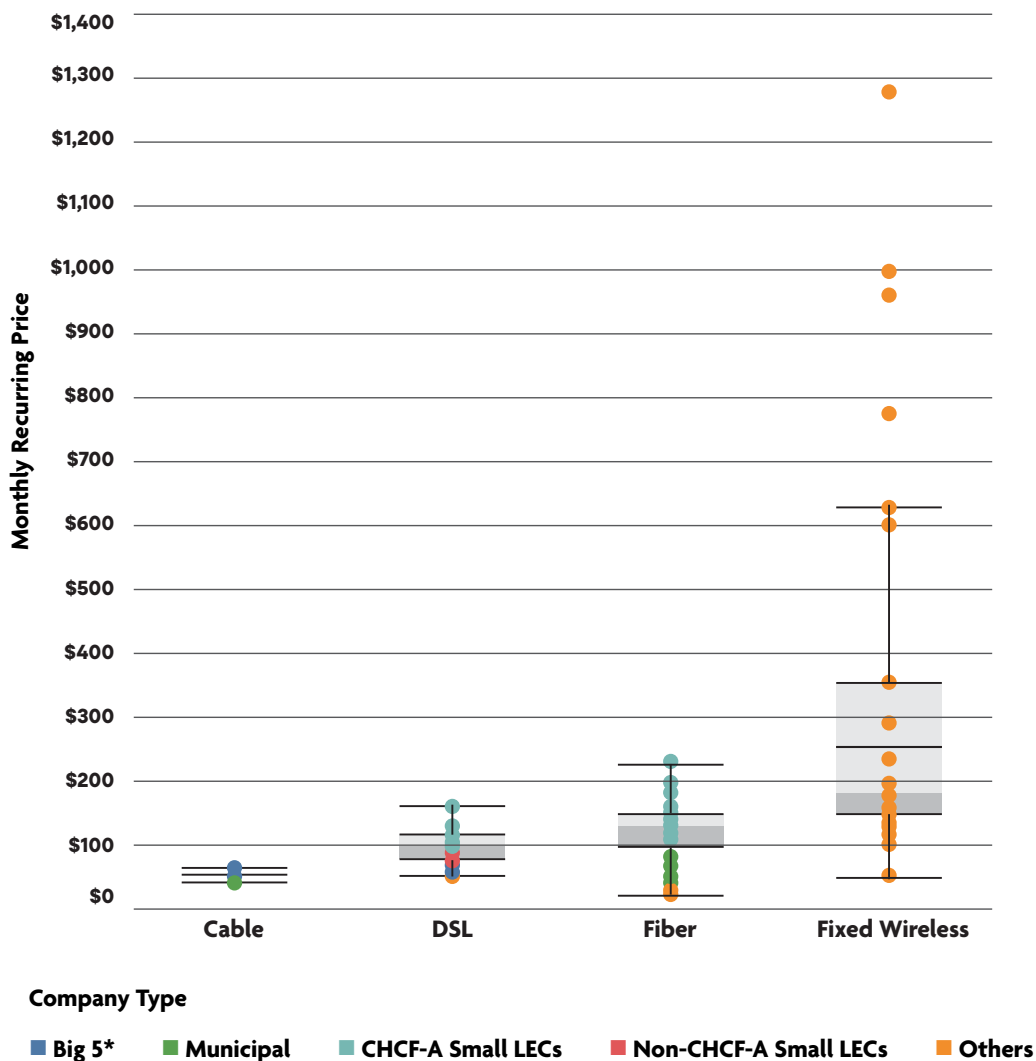
5 Broadband Pricing Trends in California, 2024 Report, Public Advocates Office. [240709-public-advocates-office-broadband-pricing-white-paper.pdf](#).

6 51-100 Mbps is considered "advanced service" and is typically needed for more than 3-4 users or devices at a time that are using basic functions (email, browsing, basic video, etc.) plus more than one high-demand application running at the same time. More information available at: Household Broadband Guide, Federal Communications Commission. <https://www.fcc.gov/consumers/guides/household-broadband-guide>.

7 California High-Cost Fund-A, California Public Utilities Commission. <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/california-high-cost-fund-a>.

8 Focus: Broadband Pricing Trends for California's Small Local Exchange Carriers, 2024 Report, Public Advocates Office. [240709-public-advocates-office-broadband-pricing-small-lecs-focus-paper.pdf](#).

Figure 3. California Monthly Recurring Broadband Plan Prices by Company Type and Technology for the ≥51-100 Mbps Download Speed Tier, Jan. 2023



Source: [Broadband Pricing Trends in California, 2024 Report](#), Public Advocates Office (July 2024).

*Note: The “Big 5” refers to Comcast, Charter, Frontier, AT&T, and Cox.

Urged the CPUC to preserve affordable broadband access following the conclusion of the federal Affordability Connectivity Program

Following the sunset of the federal Affordable Connectivity Program (ACP) in 2024, which left nearly 3 million California households without broadband affordability assistance, we took decisive action to protect access to affordable broadband.⁹ The ACP played a critical role in bridging the digital divide – according to a Federal Communications Commission survey, more than two-thirds (68%) of ACP beneficiaries reported having inconsistent or no internet service prior to receiving subsidized service, with 80% of them citing affordability as the primary barrier.¹⁰

9 Affordable Connectivity Program Enrollment Tracker, State of California. <https://broadbandforall.cdt.ca.gov/affordable-connectivity-program/acp-enrollment/>.

10 ACP Consumer Survey, Federal Communications Commission. <https://www.fcc.gov/acp-survey>.



To address this gap, the Public Advocates Office petitioned the CPUC to give customers the flexibility to apply their LifeLine subsidy toward standalone broadband service.^{11,12} The CPUC's decision on our petition is pending.

As discussed in the following sections, we took other actions to safeguard affordable broadband for low-income households.

Recommended the CPUC require Small LECs receiving state and federal annual subsidies to offer a low-cost broadband plan for low-income customers

Ten Small LECs received an average combined annual state and federal subsidy of \$1,319 per customer through the California High-Cost Fund-A program. This subsidy is in addition to the financial support they receive for each LifeLine customer served. Despite these significant subsidies, these companies charge some of the highest prices in the state for wired broadband service.

In 2024, three Small LECs – Calaveras Telephone Company, California-Oregon Telephone Company, and Ducor Telephone Company – filed General Rate Case (GRC) applications. In response, we advocated in each case for these carriers to offer a low-cost broadband plan specifically for low-income customers.

As a result of our efforts, the CPUC approved the settlement we negotiated with California-Oregon Telephone Company and Calaveras Telephone Company that require the carriers to provide a low-cost broadband plan for eligible low-income customers. We did not reach a settlement with Ducor Telephone Company. Its GRC was litigated and a CPUC decision is pending.

11 R. 20-02-008 Public Advocates Office and The Utility Reform Network Emergency Petition for Modification of Decision 20-10-006, California Public Utilities Commission. <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M529/K906/529906813.PDF>.

12 A LifeLine customer is an individual or household enrolled in the California LifeLine Program or the federal Lifeline Program, which are initiatives designed to provide discounted phone and broadband services to low-income residents.

Ensured public broadband investments deliver affordable broadband options for all Californians

The Public Advocates Office recommended that the federal Broadband, Equity, Access, and Deployment (BEAD) program offer affordable broadband services for both low- and middle-income Californians.¹³ We remain actively engaged in advocating for efficient and effective implementation of the \$1.86 billion in BEAD funding awarded to California.

Thanks in part to our efforts, BEAD funding will support broadband projects designed to provide affordable service not only to low-income households but also to middle-income Californians who may not qualify for existing broadband subsidies. Additionally, we advocated for program parameters to discourage “cherry-picking,” where grant applicants focus on high-revenue areas while leaving gaps in broadband deployment maps. These unserved pockets persist in areas otherwise surrounded by built-out networks, exacerbating the digital divide.

This work, along with our advocacy to integrate the CPUC’s various broadband deployment grant programs, aims to ensure that California seizes the opportunity to use available public funding for broadband deployment to develop a comprehensive solution to close the digital divide.

Petitioned the CPUC to require the California Advanced Services Fund’s (CASF) Federal Funding Account (FFA) grantees to offer a low-cost broadband plant to eligible low-income customers

California is at a crucial moment to secure ubiquitous access to affordable broadband service for all Californians. The FFA provides \$2 billion in funding to build last-mile broadband infrastructure. To achieve universal access to broadband, investment in low-income and disadvantaged communities must be the priority. In September 2024, the CPUC received FFA grant applications that totaled \$4.6 billion, an amount more than double the available funding. The applications together cover less than half of eligible unserved FFA locations. Subsequently, the CPUC adopted our recommendation to give priority to proposed projects that cover the most eligible unserved locations, especially those that reach low-income and disadvantaged locations.¹⁴

Prevented over 29.5 million Californians from being left without guaranteed phone service

Sixteen carriers currently serve as Carriers of Last Resort (COLRs), collectively providing service to approximately 952,000 customers. These carriers are obligated to provide phone service, including LifeLine, to any customer in their service area who requests it. This universal service obligation provides a safety net that guarantees all Californians access to safe, reliable, and affordable phone service.

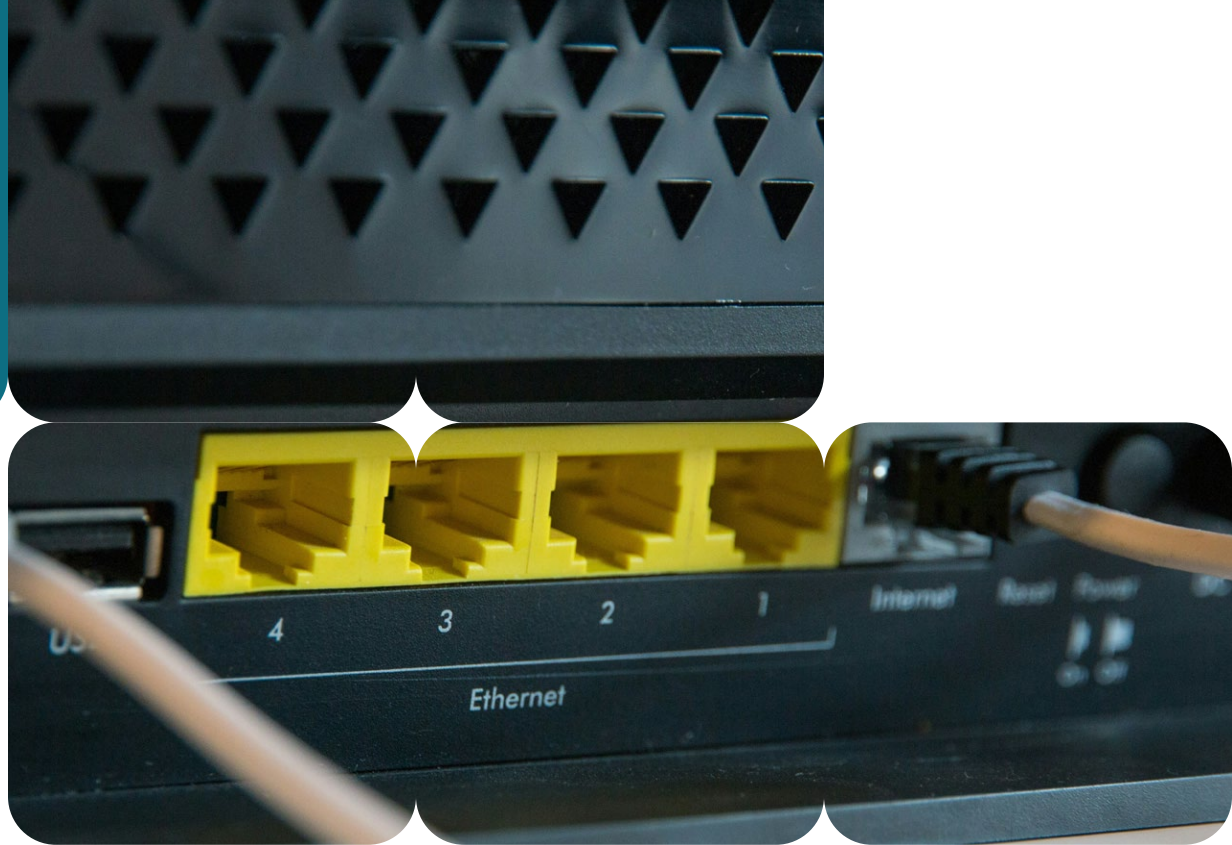
In June 2024, the CPUC adopted our recommendation to dismiss AT&T’s application to end its obligation to serve as a COLR. Approval of AT&T’s request would have stripped approximately 29.5 million Californians, including over 500,000 customers on traditional landline technology, of guaranteed access to phone service.

Following this decision, the CPUC initiated a new rulemaking to consider revisions to the COLR rules.¹⁵ This process presents an opportunity to address critical issues, including the transition from legacy networks to modern next-generation networks, facilitating customer migration to these advanced networks, ensuring no one is left behind during the transition, and updating COLR obligations to preserve universal access to essential communications services, including voice and broadband service.

13 California Broadband Equity, Access, and Deployment (BEAD) Program, California Public Utilities Commission. <https://www.cpuc.ca.gov/industries-and-topics/internet-and-phone/broadband-implementation-for-california/bead-program>.

14 See a summary of the FFA applications the CPUC received: <https://www.publicadvocates.cpuc.ca.gov/communications/digital-equity/federal-funding-account-grant-application>.

15 R.24-06-012 Order Instituting Rulemaking Proceeding to Consider Changes to the Commission’s Carrier of Last Resort Rules, California Public Utilities Commission. https://apps.cpuc.ca.gov/apex/f?p=401:56:::RP,57,RIR:P5_PROCEEDING_SELECT:R2406012.



Urged the CPUC to adopt sensible minimum service quality standards for Voice over Internet Protocol and wireless services

In today's interconnected world, reliable broadband and voice services – including wireline, wireless, and interconnected Voice over Internet Protocol (VoIP)¹⁶ – are indispensable for participating in the economy and society. Establishing sensible minimum service quality standards is essential to ensure these services are safe, reliable, and accessible to all customers.

In June 2024, the CPUC in its service quality rulemaking issued a Staff Proposal inviting comments on service quality standards for VoIP and wireless services, with a particular focus on outages.¹⁷ In our comments, we emphasized that service disruptions beyond outages can significantly impair access to safe and reliable voice services. To address these issues, we urged the CPUC to implement separate minimum call quality standards for wireless and VoIP service. We also urged the CPUC to proceed quickly to the next phase of its service quality rulemaking to establish minimum standards for broadband service. The CPUC's decision is pending.

¹⁶ VOIP allows customers to make calls using the internet.

¹⁷ R.22-03-016 Order Instituting Rulemaking Proceeding to Consider Amendments to General Order 133, California Public Utilities Commission. https://apps.cpuc.ca.gov/apex/f?p=401:56:::RP,57,RIR:P5_PROCEEDING_SELECT:R2203016.



WATER

In 2024, our office remained at the forefront of efforts to protect Californians from unnecessary water rate increases proposed by private water utilities. Our primary focus was to advocate for affordable, reliable, and safe water service at the lowest possible cost. Our engineers and analysts scrutinized water utilities' proposed rate increases to recommend lower rates grounded in efficient utility operations, more reasonable budgets, and limited reliance on alternative ratemaking mechanisms that impose additional surcharges on customer bills.

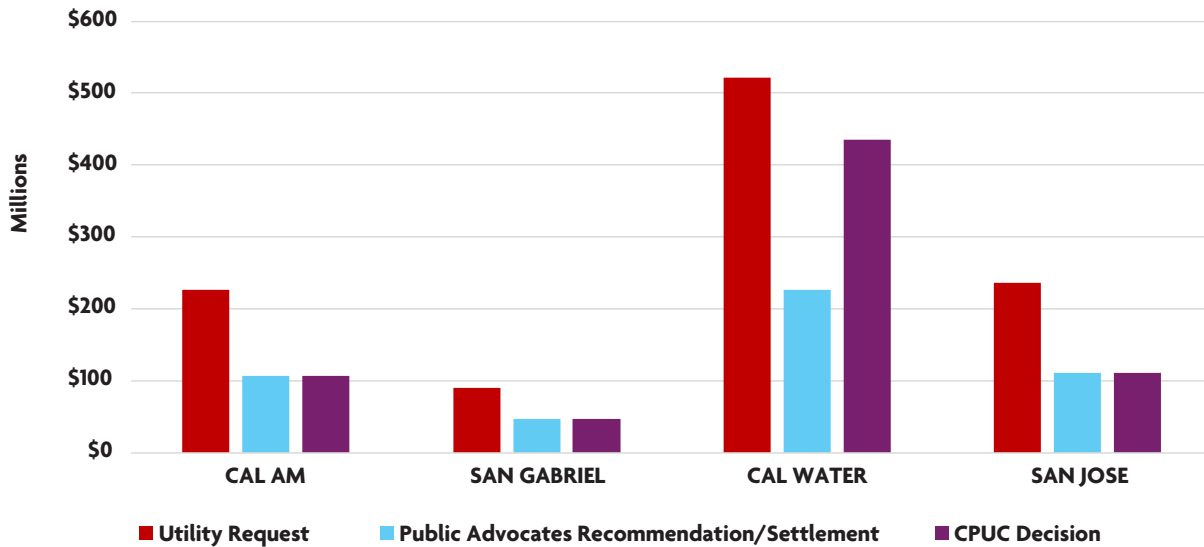
As private water utilities operate monopoly franchises, our work – alongside CPUC decisions – plays a critical role as a substitute for competition typically found in a market-driven environment. This ensures that utility rates and services reflect the efficiency, fairness, and accountability that would be expected in a competitive marketplace.

Our Water Team's Work

Reduced water utilities' requested rate increases by \$532 million over four General Rate Cases

In Class-A water utility GRCs, where the CPUC approves what water utilities can charge their customers, we advocated for policies that protect ratepayers. Our efforts focused on opposing various memorandum and balancing accounts that allow water utilities to pass unbudgeted costs onto customers. Despite these efforts, customers continue to pay surcharges for unearned revenue. However, this year we were successful in helping to reduce four Class-A water utilities GRC requests by a combined \$532 million. On the following pages is more information on the GRCs from 2024.

Figure 4. Water Utility General Rate Case Requests, Settlements, and Approvals



Saving ratepayers a total of

\$87M

California Water Service (Cal Water) General Rate Case

In Cal Water’s GRC, the CPUC adopted our recommendation to prevent utilities from earning profits on incomplete projects. In a competitive market, profits are only realized when assets are completed and provide value. Utilities should not be able to collect profits from customers for projects still in the design and permitting stages, particularly when such projects might never result in tangible assets or benefits for customers.

Additionally, the CPUC agreed with our position that every dollar in a utility’s budget must be justified. While forecasting contingency costs can assist in planning, it is unreasonable to charge customers in advance for speculative or uncertain costs that may never arise. Overall, our analysis and testimony helped reduce Cal Water’s request by 17%, saving ratepayers a total of \$87 million over the next three years.

California-American (CalAm) Water General Rate Case

In CalAm’s GRC, we reinforced our position that customers should not be charged twice for assets that have yet to provide any benefits. If customers have already funded a specific utility project that remains incomplete by the time of the next GRC, they should not continue to pay for the same project until it is operational and providing value.

Following evidentiary hearings, we entered into a partial settlement with CalAm, reducing the utility’s original request by 50% and saving customers approximately \$120 million over the next three years. The CPUC adopted the settlement in December 2024.



Saving ratepayers a total of

\$120M



**Saving
ratepayers
a total of**

\$200M

Golden State Water (Golden State) General Rate Case

In Golden State's GRC, we opposed the utility's request for balancing accounts that would allow ratepayers to be surcharged for unearned revenue based on the assumption that any reduction in sales is the result of deliberate conservation efforts. We entered into a partial settlement with the utility, which reduces the request by 67%, and saves customers \$200 million over the next three years. A CPUC decision is pending.

San Jose Water Company (SJWC) General Rate Case

In SJWC's GRC, we recommended that the utility adhere to and be accountable to a budget until rates are reviewed in a subsequent proceeding. It is unreasonable for SJWC to recover the costs of chemical and waste disposal through surcharges billed to their customers without proper rate review. We helped secure a settlement that reduced SJWC's rate request by 50%, saving ratepayers \$125 million over the next three years and keeping annual rate changes in line with anticipated inflation. The CPUC adopted the settlement in December 2024.



**Saving
ratepayers
a total of**

\$125M

Advocated for customer bill surcharge reform to limit unexpected increases in water bills

Surcharges are added to customer bills when utilities are authorized to recover unbudgeted costs from past periods in memorandum and balancing accounts. These accounts operate outside of the regular ratesetting process, reducing transparency of rates and diminishing utilities' accountability to CPUC-approved budgets. In contrast, the traditional ratemaking process, which establishes budgets in advance, incentivizes utilities to negotiate with vendors and manage operations efficiently.

While memorandum and balancing accounts can provide utilities with helpful financial protections in the most extraordinary of situations – such as compensation for unforeseen costs associated with disasters and emergencies – they are often misused to generate unwarranted profits at the expense of customers. For instance, if a utility has exceeded its authorized profit during a past period, there is no justification for allowing additional profit collection through surcharges for the same period.

The final decision in the CPUC's rulemaking to improve water affordability (R.17-06-024) acknowledged the potential for surcharge reform and left the door open for this issue to be addressed in future proceedings. We continue to advocate for meaningful reform to ensure that customers are protected from unwarranted bill increases and that utilities remain accountable.

Provided recommendations for large water utilities acquiring small, distressed water systems

The acquisition of small, distressed water systems by large water utilities is an important way to advance California's human right to water goals. However, past acquisitions have shown that these transactions can result in unreasonable costs via inflated acquisition prices and unbudgeted repair costs. We remain committed to advocating for acquisitions that are reasonably priced, transparent, and capable of delivering safe and reliable water to communities most in need.



In the CPUC's rulemaking to establish a framework for such acquisitions, we submitted the following recommendations:

1. The CPUC should consider standard valuation methods when determining the reasonableness of price.

Allowing prices to be determined solely through negotiations between two utilities (buyer and seller) is problematic, as both parties have a financial incentive to arrive at a higher price under rate-of-return regulation. Such inflated prices unfairly increase costs for ratepayers while generating financial gains for both buyer and seller.

2. Any financial gain from the sale of a utility should be subject to the CPUC's established rules for allocating such gains between shareholders and ratepayers.

3. The portion of financial gains allocated to customers should offset acquisition premiums, which arise when the purchasing price is greater than the seller's actual investment in the system.

Premium-priced acquisitions unjustly increase customer rates due to a change of ownership without providing any tangible improvements to the system. It is unfair to burden ratepayers with both the acquisition premium and the cost of necessary upgrades in the acquired system.

4. Water utilities should be required to develop a budget and establish rates as part of the acquisition process.

If a utility has performed sufficient due diligence to determine a fair acquisition price, it should also be capable of creating a budget to operate the system until rates are reviewed in its next scheduled GRC. This approach promotes rate transparency, enforces accountability, and instills fiscal discipline by requiring utilities to operate within a defined budget.

A workshop report and CPUC decision are pending in this rulemaking.

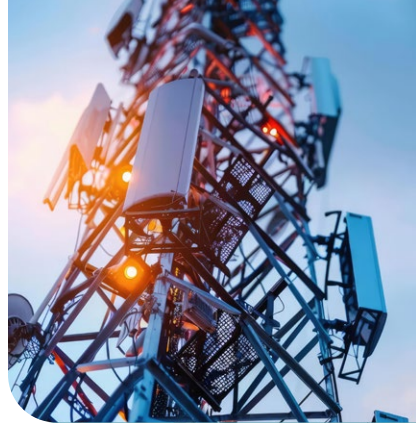




Photo: Public Advocates Office annual staff gathering.

OUR WORK IN SACRAMENTO

We provide expert analysis and recommendations on CPUC-related issues to key policymakers, including the Governor's Office, Legislature, Department of Finance, Legislative Analyst's Office, and other state agencies, ensuring that utility customers' needs are prioritized.

Our Role in the Budget Process

The Public Advocates Office develops its budget under the oversight and final approval of the Department of Finance. Each year, we submit an annual report to the California State Legislature detailing our key activities and accomplishments in alignment with our statutory mandate (Public Utilities Code Section 309.5).

How We Support Policymakers

- Deliver educational briefings on utility ratemaking, rate design, and related concepts
- Provide updates on critical CPUC and Public Advocates Office initiatives
- Evaluate and analyze the impacts of proposed legislation
- Testify before legislative committees and participate in staff briefings
- Engage with communities through district town halls and other public forums

Our use of a collaborative approach ensures policymakers have the insights they need to craft informed, customer-focused utility policies.



LEGISLATIVE REPORT

On or before January 10 of each year, the Public Advocates Office is required to provide to the Governor and the Legislature three pieces of information.¹⁸

Staffing Levels Over 5 Years	Budget	Workload
<p>The number of personnel years utilized by the Public Advocates Office with a comparison of its staffing levels for a five-year period.</p>	<p>The total dollars expended by the Public Advocates Office in the prior year and the total dollars proposed for appropriation in the following budget year.</p>	<p>Standards and measures for the Public Advocates Office.</p>

¹⁸ This report is submitted in compliance with section 309.5 (f) and (g) of the Public Utilities Code.

Staff Levels

The Public Advocates Office is required to report each year on the number of its staff personnel years with a comparison of its staffing levels for a five-year period. The Public Advocates Office currently has 181 authorized positions.¹⁹

The Public Advocates Office Staffing Levels for a five-year period:

Fiscal Year	Public Advocates Office Authorized Staff
2021-2022	178
2022-2023	178
2023-2024	179
2024-2025	181
2025-2026	181



¹⁹ This includes the Public Advocates Office's Chief Counsel position which was authorized by Senate Bill 608 (Escutia, Chapter 440, Statutes of 2005). The CPUC Legal Division provides attorneys, and support staff, upon the Public Advocates Office's request, to aid our office in litigation matters. These legal resources, including their overhead, salaries, and benefits are paid for out of the Public Advocates Office's Program Account 3089, but are not Public Advocates Office staff.

Budget

Each year the Public Advocates Office reports the total dollars spent by the office in previous budget cycles, and the total dollars proposed for appropriation in the upcoming budget year. We strive to administer our budget prudently to achieve our mandate.

The Public Advocates Office develops its budget in-house and collaborates directly with the Department of Finance for approval.²⁰ This budget encompasses costs for shared resources with the CPUC, including infrastructure, human resources, and information technology services.

By statute, our budget is maintained as a separate account, with funds allocated annually through the Budget Act. These funds are dedicated exclusively to supporting the Public Advocates Office in carrying out its responsibilities.

The Public Advocates Office Budget:

Fiscal Year	Dollars Authorized ²¹	Dollars Expended
2023-2024	\$52,233,000 ²²	\$49,980,128
2024-2025	54,192,000 ²³	*
2025-2026	**	***

* Year-end expenditures will not be available until August 2025 for the fiscal year ending June 2025.

** Pending Governor's proposed 2025/2026 budget.

*** Year-end expenditures will not be available until August 2026 for the fiscal year ending June 2026.

20 Public Utilities Code Section 309.5(c): The director shall develop a budget for the office that shall be subject to final approval of the Department of Finance. As authorized in the approved budget, the office shall employ personnel and resources, including attorneys and other legal support staff, at a level sufficient to ensure that customer and subscriber interests are effectively represented in all significant proceedings. The office may employ experts necessary to carry out its functions. The director may appoint a lead attorney who shall represent the office, and shall report to and serve at the pleasure of the director. The lead attorney for the office shall obtain adequate legal personnel for the work to be conducted by the office from the commission's attorney appointed pursuant to Section 307. The commission's attorney shall timely and appropriately fulfill all requests for legal personnel made by the lead attorney for the office, provided the office has sufficient moneys and positions in its budget for the services requested.

21 The Public Advocates Office has additional budget authorization for reimbursable contracts. The Public Advocates Office is reimbursed for these costs by the relevant utilities. For FY2024/2025, the proposed amount for reimbursable contracts is \$3,000,000. Actual expenditures for reimbursable contracts occur only if there are proceedings that allow for reimbursable contracts. Examples include audits, mergers, and major resource additions, such as the construction of a transmission facility for which the Public Advocates Office may need to contract for expert consultant services to assist in analyzing the utility request or application.

22 Reflects Governor's 2023/2024 budget prior to fiscal adjustments.

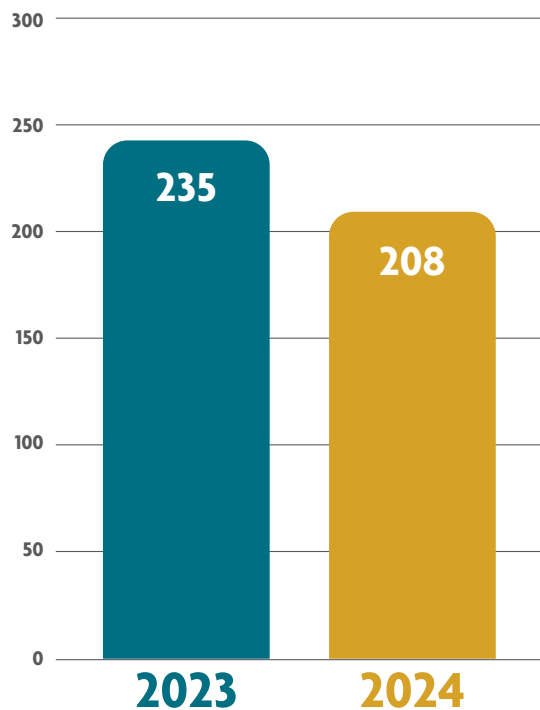
23 Reflects Governor's 2024/2025 budget prior to fiscal adjustments.

Proceeding Participation

In 2024, the Public Advocates Office participated in 208 formal CPUC proceedings. The Public Advocates Office is often the only voice representing customers' interests in a number of these proceedings. Since the CPUC relies upon a formal, evidentiary record in making its decisions, our participation is essential to ensure that this record reflects the interests of California's customers.

The following charts show the total number of formal CPUC proceedings the Public Advocates Office participated in during 2024, compared to 2023, categorized by industry group. These numbers do not account for the greater complexity of the issues addressed by the Public Advocates Office in omnibus proceedings, including those related to greenhouse gas emissions, renewable resource development, procurement and transmission working groups, water conservation, and other major initiatives.

The Public Advocates Office also responded to numerous utility advice letters, where utilities often seek CPUC authorization through a more informal process.²⁴ Beyond engaging in formal and informal CPUC proceedings, we actively participate in proceedings at the California Energy Commission (CEC), the California Independent System Operator (CAISO), and the California Air Resources Board (CARB) to ensure ratepayer interests are represented.

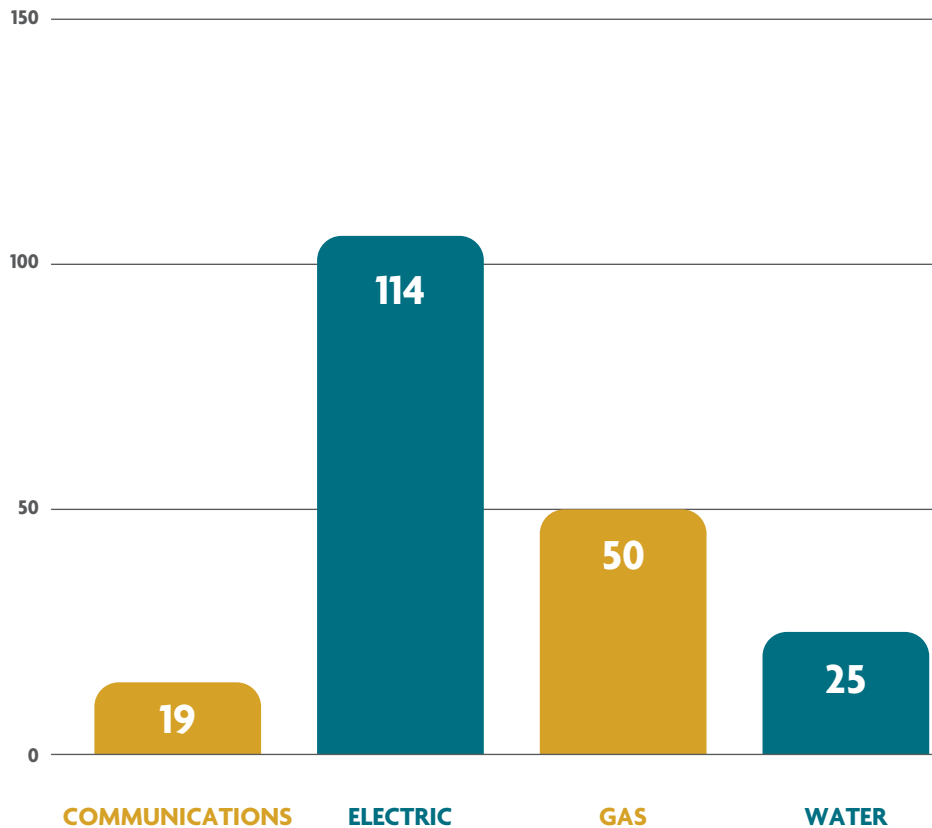


²⁴ An advice letter is a filing by a utility seeking authority to spend ratepayer money or set/change policies which may have a significant impact on consumers. Utility requests via advice letters are typically authorized by the CPUC in a formal proceeding, which sets certain parameters for determining whether the advice letter request is valid and should be granted.

Additionally, our office provides consumer advocacy in other forums connected to CPUC proceedings. This includes participation in utility procurement review meetings, the Low-Income Oversight Board, communications public policy committees, industry committees within the National Association of State Utility Consumer Advocates, and the Pacific Forest and Watershed Stewardship Council.

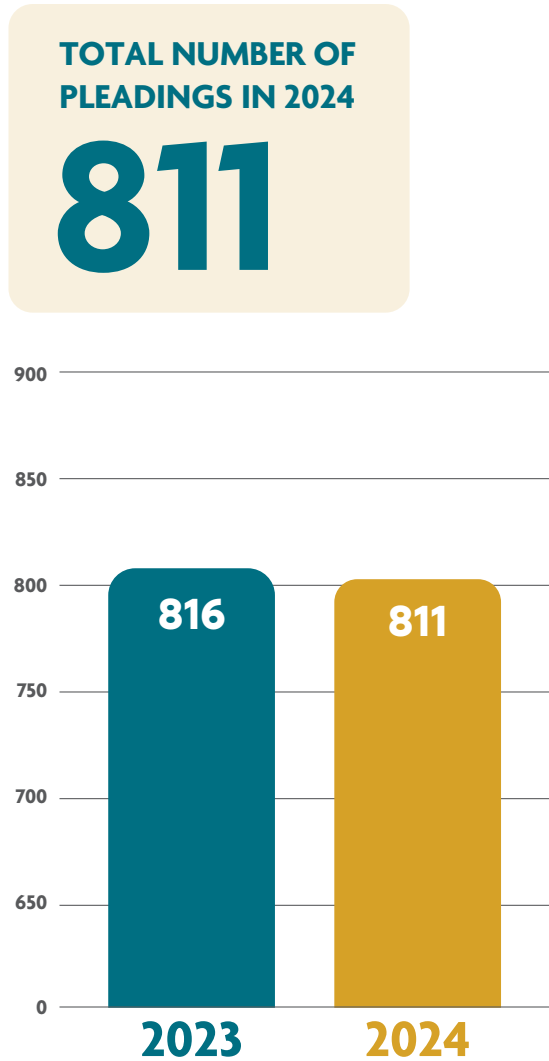
TOTAL NUMBER OF PROCEEDINGS BY INDUSTRY IN 2024

208



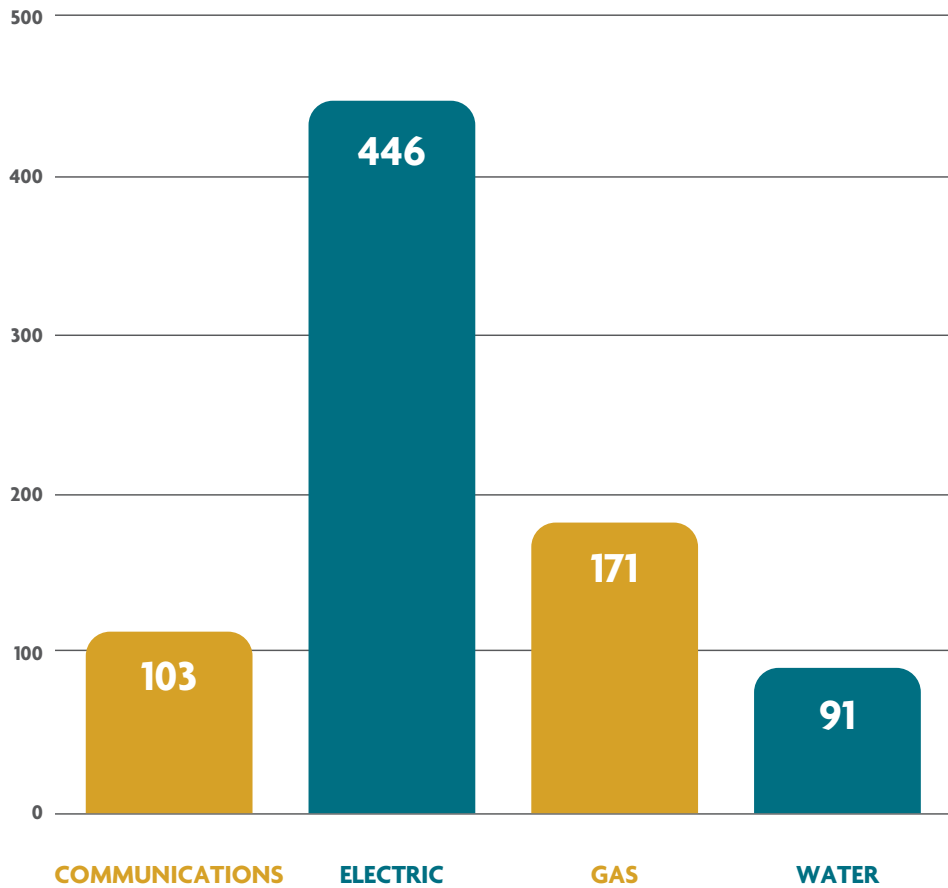
Pleadings Filed

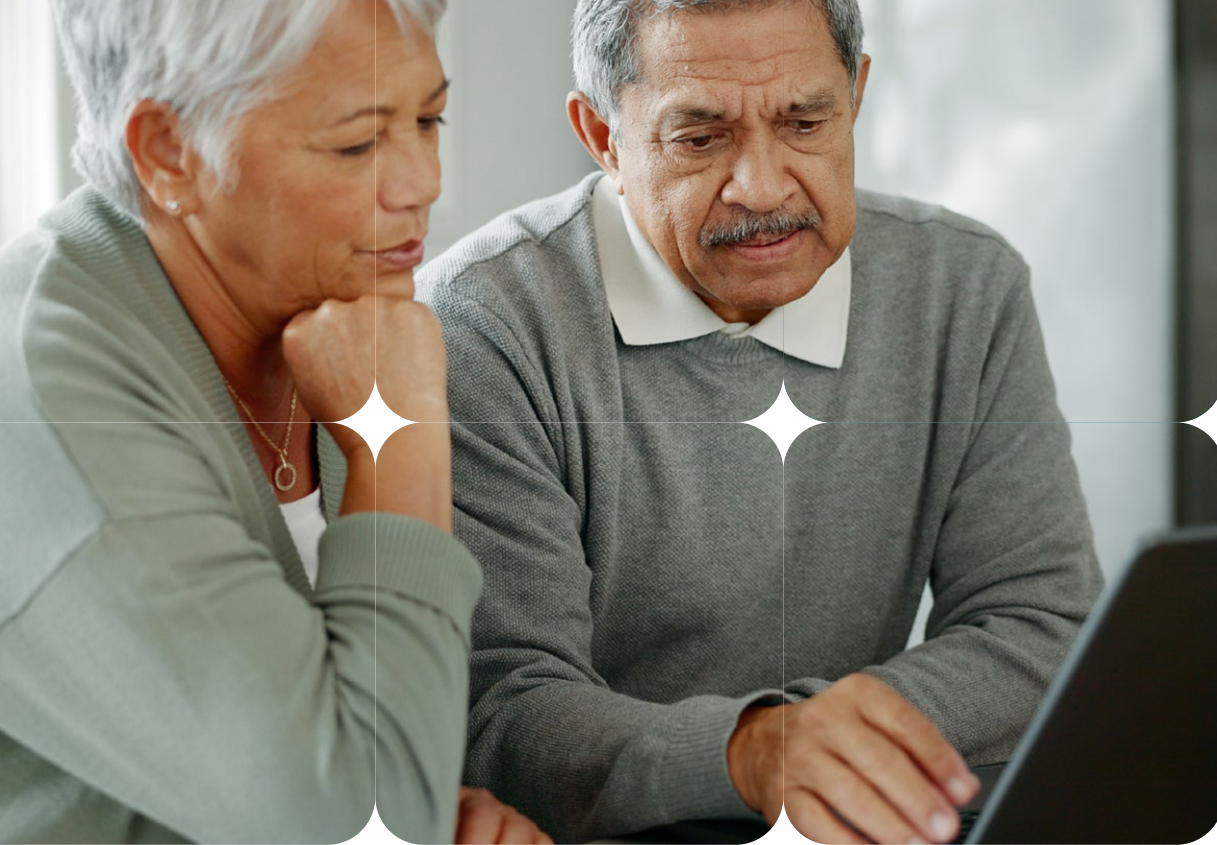
In 2024, the Public Advocates Office filed 811 pleadings in formal CPUC proceedings. Our staff and attorneys increasingly file hundreds of pleadings annually on behalf of customers, covering issues related to electricity, natural gas, water, and communications. The following charts compare the number of pleadings we filed in 2024 to those filed in 2023.



TOTAL NUMBER OF
PLEADINGS BY INDUSTRY IN 2024

811





Outreach and Education

The Public Advocates Office is dedicated to improving the quality of its work and enhancing the effectiveness of its advocacy. To support this effort, we actively track and measure our outreach activities, including interactions with CPUC commissioners and their advisors, the public, and the press.

Navigating the state's regulatory processes can be daunting for consumers, who may lack the time or resources needed to engage effectively. As the public's advocate, it is essential that we play an active role in CPUC Public Participation Hearings,²⁵ workshops,²⁶ public speaking engagements, conferences, and other events. Our goal is to communicate with ratepayers in clear, accessible language about how proposed changes to utility rates, practices, and policies affect them, while ensuring their voices are heard in decisionmaking processes.

Equally important is the opportunity to learn directly from the public about their unique needs and challenges. Consumer stories and perspectives are invaluable in shaping effective, long-term solutions. Strategic communication is also a key component of our advocacy, as the news media serves as a vital platform for raising awareness about issues that matter to consumers.

²⁵ Public Participation Hearings are forums held by the CPUC for the public to participate in and learn about various proceedings underway at the CPUC.

²⁶ Workshops are forums held by the CPUC for stakeholders or outside parties to address specific issues related to a proceeding or matter before the CPUC.

The Public Advocates Office is dedicated to improving the quality of its work and enhancing the effectiveness of its advocacy.

In 2024, we continued to expand our engagement with the public, stakeholders, and media to ensure greater transparency and accessibility in our work advocating for ratepayers. Our efforts included:

- Hosting and participating in public forums to engage with community members and stakeholders
- Collaborating with a diverse range of stakeholders, including customers, small businesses, community organizations, environmental groups, and other consumer-focused advocates
- Producing [quarterly rates reports](#)²⁷ that track electric utility prices over time, garnering attention in major newspapers, radio interviews, and local television broadcasts
- Building out our [website](#)²⁸ and [blog](#)²⁹ to highlight in-depth analyses, policy recommendations, and ongoing work on critical proceedings

We remain dedicated to building on these efforts in 2025, increasing the visibility and impact of our work as we continue to advocate for California's utility customers.



27 Q3 2024 Electric Rates Report, Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/press-room/reports-and-analyses/2024-q3-electric-rates-report>.

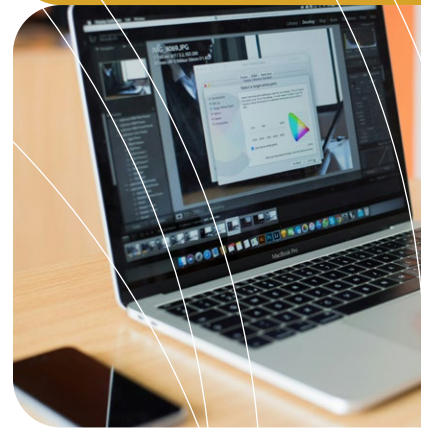
28 California Public Advocates Office Website, Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/>.

29 Public Advocates Office Commentary (Blog), Public Advocates Office. <https://www.publicadvocates.cpuc.ca.gov/press-room/commentary>.



The Public
ADVOCATES
OFFICE

The Consumer Advocate at the
California Public Utilities Commission



ANNUAL REPORT 2024

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