

CALIFORNIA PUBLIC UTILITIES COMMISSION

Executive Director: Timothy J Sullivan ♦ (415) 703-2782 ♦

Internet: <http://www.cpuc.ca.gov>

The California Public Utilities Commission (PUC) was created in 1911 to regulate privately-owned utilities and ensure reasonable rates and service for the public. Today, under the Public Utilities Act of 1951, Public Utilities Code section 201 *et seq.*, the PUC regulates energy, aspects of transportation (rail, moving companies, limos, shared ride carriers), and some aspects of water/sewage, and limited coverage of communications. It licenses more than 1,200 privately-owned and operated gas, electric, telephone, water, sewer, steam, and pipeline utilities, as well as 3,300 truck, bus, “shared ride,” railroad, light rail, ferry, and other transportation companies in California. The Commission grants operating authority, regulates service standards, and monitors utility operations for safety.

The agency is directed by a commission consisting of five full-time members appointed by the Governor and subject to Senate confirmation. The Commission is authorized directly by the California Constitution, which provides it with a mandate to balance the public interest—that is, the need for reliable, safe utility services at reasonable rates—with the constitutional right of a utility to compensation for its “prudent costs” and a fair rate of return on its “used and useful” investment.

The Commission has quasi-legislative authority to adopt regulations, some of which are codified in Chapter 1, Title 20 of the California Code of Regulations (CCR). The

Commission also has quasi-judicial authority to take testimony, subpoena witnesses and records, and issue decisions and orders. The PUC’s Administrative Law Judge (ALJ) Division supports the Commission’s decision-making process and holds both quasi-legislative and quasi-judicial hearings where evidence-taking and findings of fact are needed. In general, the PUC ALJs preside over hearings and forward “proposed decisions” to the Commission, which makes all final decisions. At one time, the PUC decisions were reviewable solely by the California Supreme Court on a discretionary basis; now, Public Utilities Code section 1756 permits courts of appeal to entertain challenges to most PUC decisions. Judicial review is still discretionary and most petitions for review are not entertained; thus, the PUC’s decisions are effectively final in most cases.

The PUC allows ratepayers, utilities, and consumer and industry organizations to participate in its proceedings. Non-utility entities may be given “party” status and, where they contribute to a beneficial outcome for the general public beyond their own economic stake, may receive “intervenor compensation.” Such compensation has facilitated participation in many Commission proceedings over the past twenty years by numerous consumer and minority-representation groups, including San Francisco-based TURN (The Utility Reform Network), San Diego-based UCAN (Utility Consumers’ Action Network), and the Greenlining Institute, an amalgam of civil rights and community organizations in San Francisco.

The PUC staff—which include economists, engineers, ALJs, accountants, attorneys, administrative and clerical support staff, and safety and transportation specialists—are organized into 12 major divisions.

In addition, the PUC maintains services important to public access and representation. The San Francisco-based Public Advisor’s Office, and the Commission’s outreach offices in Los Angeles and San Diego, provide procedural information and advice to individuals and groups who want to participate in formal PUC proceedings. Most importantly, under Public Utilities Code section 309.5, an Office of Ratepayer Advocates (ORA) independently represents the interests of all public utility customers and subscribers in Commission proceedings in order to obtain “the lowest possible rate for service consistent with reliable and safe service levels.”

Pursuant to [SB 62 \(Hill\) \(Chapter 806, Statutes 2016\)](#), the Office of Safety Advocate (OSA) is the PUC’s newest division; its purpose is to “advocate for the continuous, cost-effective improvement of the safety management and safety performance of public utilities.”

The five PUC commissioners each hold office for staggered six-year terms. Current commissioners include President Michael Picker, Commissioners Carla J. Peterman, Liane M. Randolph, Martha Guzman Aceves, and Clifford Rechtschaffen.

On September 16, 2017, the Senate confirmed Governor Brown’s January 2017 appointments of Aceves and Rechtschaffen, despite Consumer Watchdog’s open opposition to Rechtschaffen’s appointment. The advocacy group contended that he favored oil and gas interests in prior career decisions, which his supporters disputed. The terms for the two new Commissioners will expire on January 1, 2023.

MAJOR PROJECTS

INTERNAL PUC POLICIES

The PUC Adopts General Order 66-D Regarding the Release and Submission of Potentially Confidential Information¹

On September 28, 2017, the PUC adopted [General Order 66-D](#), governing the submission and release of potentially confidential information, and replacing the historical GO 66-C. The proceeding is closely related to the more general California statute covering all public state documents, the California Public Records Act, which creates a presumption of public disclosure as to all documents held by executive branch agencies and officials.

The California Public Records Act’s application to the PUC is complicated because the Commission is an unusual agency with an atypical structure that houses its own investigators, ALJs, attorneys, and even consumer representatives. For example, the Public Records Act’s “intra-agency memo” exemption, which is designed to encourage candor among staff when developing opinions, therefore, could apply to many more documents at the PUC given the breadth of these internal elements. In addition, utilities and others submitting documents often claim “confidential status” precluding their disclosure outside the PUC.

¹ The PUC’s ongoing proceeding as to transparency measures such as those addressed here come in the wake of several years of internal turmoil at the PUC following the court-ordered release—via a Public Records Act Request—of a series of documents reflecting communications between the utilities, commissioners, and key PUC staff raising significant ethical concerns. The release prompted investigations over the past few years by both the U.S. Department of Justice and the California Attorney General, including a warrant served at the private residence of then-PUC Chairman Michael Peevey. These events led to the enactment of five bills in 2016: [AB 2168 \(Williams\) \(Chapter 805, Statutes of 2016\)](#), [SB 62 \(Hill\) \(Chapter 806, Statutes of 2016\)](#), [SB 215 \(Leno\) \(Chapter 807, Statutes of 2016\)](#), [SB 512 \(Hill\) \(Chapter 808, Statutes of 2016\)](#), and [SB 661 \(Hill\) \(Chapter 809, Statutes of 2016\)](#).

General Order 66-D will apply to all Public Records Act requests beginning on January 1, 2018. The order provides that anyone seeking confidential status for submitted documents bears the burden of proof for non-disclosure status. Further, any document submitted in a legal proceeding before an ALJ requires a motion and proceeding before that judge in order to designate the document as confidential.

As of January 1, 2018, all requests for confidentiality by document/information submitters will be reviewed by the Legal Division of the PUC, which will decide whether that confidentiality corresponds to applicable law. If a citizen requests a document that the Division believes is properly confidential, the Division must explain why it will not be produced, and the requestor may appeal to the full Commission for its disclosure notwithstanding the Legal Division opinion.

GENERAL ENERGY REGULATION

Aliso Canyon Natural Gas Leak Investigations²

On April 17, 2017, the PUC held a [Prehearing Conference and Public Participation Hearing](#) (PPH)³ in Los Angeles, and Northridge, respectively, in the PUC's investigation No. [I.17-02-002](#) to evaluate the feasibility of minimizing or eliminating the use of the SoCalGas Aliso Canyon Natural Gas Storage Facility ("Aliso Canyon") while still

² On October 23, 2015, the Aliso Canyon Natural Gas Storage Facility, operated by Southern California Gas Company (SoCalGas), began to leak natural gas from its underground storage facility located near Porter Ranch, California. Upon its discovery and reporting of the well failure, multiple agencies, including the PUC, began to work with SoCalGas to remedy the situation and investigate its cause. The well failure resulted in the release of large quantities of natural gas into the atmosphere, and nearby residents were exposed to the natural gas that leaked from the failed well, causing an evacuation of the area.

³ PPH is an opportunity for local residents and organizations to provide their perspective and input to PUC regarding the proposed scope of a proceeding.

maintaining energy and electricity reliability for the Los Angeles region at reasonable rates. 230 members of the public attended the hearing and 58 individuals provided public comment. Numerous residents expressed concerns about being temporarily relocated from their homes while SoCalGas undertook efforts to abate the well failure. They also described health impacts, including nose bleeds and headaches, which they attribute to the well failure.

On April 28, 2017, SoCalGas submitted a [letter](#) with the PUC, California Independent System Operator (CAISO), and California Energy Commission (CEC) explaining its concerns regarding the utility's ability to safely and reliably serve their customers in the coming summer and winter, based on the current operating status of its system. This letter followed a February 2017 [report](#) from EES Consulting, an entity retained by the County of Los Angeles, which analyzed alternatives to gas withdrawal at Aliso Canyon, and found that mitigation measures would reduce demand and render it unnecessary to withdraw gas from the Aliso Canyon wells during the summer of 2017 or winter of 2017-18. It also found gas injection into the wells to be unnecessary.

On June 15, 2017, Imperial Irrigation District (IID) filed motions to consolidate the aforementioned investigation in [I.17-02-002](#) with another matter, [I.17-03-002](#), in which the PUC is considering whether a “nine-month closure trigger” occurred at Aliso Canyon for cost and rate purposes. IID claimed that these issues were interrelated and would involve many of the same witnesses and documents, limit the inconsistencies between the two related proceedings, and therefore would result in greater efficiency. On June 29, 2017, SoCalGas filed its [response](#) in opposition to IID's motion, arguing that IID inaccurately described the scope and purpose of the two initiated proceedings, and is contrary to

numerous PUC statements about the timing of a potential proceeding regarding the root cause of the leak. At this writing, neither ALJ has ruled on IID's motion.

Integrated Resource Planning (R.16-02-007)

On May 16, 2017, ALJ Julie A. Fitch issued a [ruling](#) seeking comments from interested parties on a PUC Staff Proposal for Implementing Integrated Resource Planning (“Staff Proposal”). The ruling formally entered the Staff Proposal into the record in this proceeding, and posed 30 questions regarding the proposal, requesting comments to be formally filed on or before June 14, 2017.

The proposal is part of the PUC's implementation of [SB 350 \(de León\) \(Chapter 547, Statutes of 2015\)](#), known as the Clean Energy and Pollution Reduction Act of 2015, which introduced integrated resource planning (IRP) as the statewide approach to electric resource planning in California.⁴ Pursuant Public Utilities Code sections 454.51 and 454.52, California must utilize the IRP process to meet California's greenhouse gas (GHG) emissions reduction targets for the electric sector, consistent with the statewide goal of achieving a 40 percent reduction in GHG emissions below 1990 levels by 2030, while maintaining reliability, minimizing bill impacts, and prioritizing air quality benefits in disadvantaged communities. Under the Staff Proposal, the PUC will conduct modeling to identify optimal combinations of resources under different assumptions about the future; select a portfolio of future resources; define an action plan that best achieves multiple state goals; and provide specific guidance to load-serving entities (LSEs).

⁴ Energy resource planning in California involves various state agencies, including the California Energy Commission, the California Air Resources Board (CARB), and the CAISO.

The Staff Proposal recommends that the first IRP cycle generate information regarding the optimal resource mix needed to achieve the state’s GHG reduction goals, evaluate the need for short-term procurement to ensure reliability, and evaluate long lead-time investment opportunities that may be necessary to meet GHG reduction goals.

On September 19, 2017, ALJ Julie A. Fitch issued a [ruling](#) that invited comment on the Proposed Reference System Plan (RSP) as part of the IRP proceeding. The RSP contains recommendation for the GHG emissions target to use in the IRP process for the California electric sector, as well as for the LSEs representing the portion of the electric sector under the PUC authority. Additionally, the proposed RSP includes a recommended portfolio of electricity resources for the portion of the electric sector served by the CAISO portion of the electricity grid. Public comments on the RSP are due no later than October 26, 2017, with reply comments due by November 9, 2017.

ALJs Issue Proposed Decisions Denying SDG&E’s Application to Seek \$379 Million from Ratepayers for 2007 Wildfires (A.15-09-010)

On August 22, 2017, ALJ Pat Tsen and ALJ Pro Tem Sasha Goldberg issued a [proposed decision](#) denying San Diego Gas & Electric’s (SDG&E) application for \$379 million from ratepayers to recover costs stemming from the southern California wildfires of 2007. The proposed decision found that SDG&E did not reasonably manage and operate its facilities prior to the 2007 wildfires and therefore denied the utility’s request to recover its costs. Pursuant to the PUC procedures, Commissioners are free to accept, reject, or alter the ALJs’ proposed decision.

On September 28, 2017, Commissioner Randolph held an All-Party Meeting regarding the proposed decision in Chula Vista, California. The PUC also held a voting

meeting in Chula Vista on the same day, during which the commissioners voted to [extend the statutory deadline](#) in the proceeding to April 11, 2018 in order to provide sufficient time to allow the Commission to vote on the proposed decision.⁵ At this writing, the Commission has not yet voted on the proposed decision.

San Onofre Nuclear Generating Station's Retirement (I.12-10-2013)

On April 26, 2017, Southern California Edison (SCE) and various other parties⁶ (collectively, the “Meet and Confer Parties”) filed a [Joint Motion to Extend Dates for All-Party Meet and Confers](#) (“Joint Motion”) to extend the time in which they may complete the meet and confer process and submit a report to the PUC regarding their efforts. This particular matter involves a series of petitions to modify the PUC’s November 20, 2014 decision [D.14-11-040](#), which approved a settlement agreement resolving the rate recovery issues related to the premature shutdown of San Onofre Nuclear Generating Station (SONGS) following a steam generator tube leak on January 31, 2012. Specifically, the matter was reopened to permit the parties to prepare their best assessment of whether, in light of information about ex parte contacts disclosed after the Commission’s approval, and the PUC’s December 3, 2015 [decision](#) imposing SCE \$16.74 million in penalties for failing

⁵ Public Utilities Code section 1701.5(a) provides that rate setting cases opened prior to January 1, 2017 must be resolved within 18 months of the date of the Scoping Memo issued, unless the PUC established an alternative timeline. The Scoping Ruling Application [A.15-09-010](#) was issued on April 11, 2016, making the 18-month statutory deadline for this application October 11, 2017.

⁶ These various other parties include SDG&E, TURN, ORA, Coalition of California Utility Employees, Ruth Hendricks, The Alliance for Nuclear Responsibility, California State University, Western Power Trading Forum, Direct Access Customer Coalition, Coalition to Decommission San Onofre, California Large Energy Consumers Association, and Women’s Energy Matters.

to disclose ex parte communications relevant to the proceeding, the settlement is reasonable in light of the record, consistent with the law, and in the public interest.

The PUC issued a [Joint Ruling](#) in December 2016, which required the parties to complete the meet and confer process and submit reports to the PUC by April 28, 2017. The Joint Motion requested an extension to August 15, 2017 to enable the parties to continue their discussions with the assistance of a mediator.⁷ The Joint Motion to extend the deadlines was [granted](#) on May 26, 2017.

On June 16, 2017, Ruth Hedricks and the Coalition to Decommission San Onofre (collectively, “Petitioners”), filed a [Motion to Stay Collection of Rates Based on San Onofre Revenue Requirements](#) (“Motion to Stay Collection of Rates”). First, Petitioners argued that the plant has not been used or useful to utility customers since January 2010 and that any further costs imposed on ratepayers related to the plant must be limited to decommission aspects only. Second, Petitioners argued that SCE admittedly deployed four defective new steam generators integral to the safe and reliable operation of the plant, however, SCE claimed it was defrauded into doing so by the project contractor, Mitsubishi Heavy Industries (MHI). Whether SCE was honest in this fraud claim was litigated before an international arbitration tribunal, with a finding that SCE was not defrauded. Regardless, Petitioners argued, the PUC accepted SCE’s fraud-victim claim, but relied on SCE’s “multi-billion arbitration claim” against MHI in its decision to provide a formula to continue to collect rates based on San Onofre review requirements.

⁷ Meet and Confer Parties engaged the Honorable Layn R. Phillips as a mediator and were scheduled to meet with him on June 15, 16, and 23, 2017.

On July 5, 2017, [SCE](#) and [SDG&E](#) each filed a Response to Petitioners’ Motion to Stay Collection of Rates based on San Onofre revenue requirements, requesting that the PUC deny Petitioners’ motion.

On August 15, 2017, [SCE](#), [SDG&E](#), [TURN](#), [Alliance for Nuclear Responsibility \(A4NR\)](#), [California Large Energy Consumers Association \(CLECA\)](#), Direct Access Customer Coalition (DACC), [ORA](#), and Women’s Energy Matters (WEM)⁸ submitted comments in accordance with the December 13 Joint Ruling. SCE and SDG&E recommended that the settlement be affirmed or in the alternative that an additional disallowance, no more than a fraction of \$365 million should be considered.

On October 10, 2017, assigned Commissioner Michael Picker and ALJ Darcie Houck issued a [ruling](#) acknowledging that parties were unable to reach agreement on modification of the prior settlement adopted in D.14-11-040, and setting a status conference for November 7, 2017 in Los Angeles to address the outstanding issues.

PG&E’s Request to Retire Diablo Canyon Power Plant (A.16-08-006)

On May 23, 2017, the San Luis Obispo Mothers for Peace (“Mothers of Peace”), Pacific Gas & Electric (PG&E), A4NR, TURN, the ORA, Natural Resources Defense Council (NRDC), Friends of the Earth (FOE), Environment California (EC), International Brotherhood of Electrical Workers Local 1245 (IBEW 1245), and Coalition of California Utility Employees (CCUE) (collectively, “Settling Parties”) filed a [Joint Motion for Adoption of Settlement Agreement Regarding License Renewable Project and Cancelled Project Cost Recovery at Diablo Canyon](#) (“Joint Motion”). The Settling Parties request that

⁸ CLECA, DACCA, and WEM filed comments jointly.

the PUC approve the Settlement Agreement License Renewal Project and Future Cancelled Project Cost Recovery.⁹

The proposed settlement is comprised of two substantive components: (1) compromise terms governing the recovery of capital costs expended from 2009–2016 on a project initiated and now suspended by PG&E to seek the renewable of the Nuclear Regulatory Commission operating licenses for Diablo Canyon (“License Renewal Project”); and (2) compromise terms governing the recovery of costs for any other capital projects that are cancelled in the future at Diablo Canyon.

The Agreement provides that PG&E should be allowed to recover \$18.6 million, which approximates the direct costs it recorded to the License Renewal Project from the time of the project’s inception until April 10, 2011. It further provides that PG&E should be authorized to recover the \$18.6 million through an annual, levelized, expense-only revenue requirement to be recovered from customers over an 8-year period from January 1, 2018, through December 31, 2025. The Agreement also provides that PG&E should be authorized to recover all direct costs associated with cancelled capital projects at Diablo Canyon recorded to the project as of June 30, 2016. Additionally, PG&E should be authorized to recover only 25 percent of the direct costs associated with cancelled capital projects at Diablo Canyon recorded to the project after June 30, 2016. Finally, the Agreement establishes that PG&E should not be authorized to recover the accumulated

⁹ The Agreement is a compromise among the Settling Parties to resolve some, but not all, of the disputed issues raised by parties in this proceeding. Specifically, the Agreement addresses the mechanisms and amounts proposed by PG&E in this proceeding for recovery of costs associated with both PG&E’s suspended License Renewal Project and other Diablo Canyon Power Plant projects that are cancelled during the remaining operational life of the facility.

Allowance for Funds Used During Construction (AFDUC) associated with cancelled projects at Diablo Canyon. At this writing, the PUC has not yet ruled on the motion.

ENERGY EFFICIENCY/STORAGE/SOLAR

Proceedings to Determine Fees Related to Community Choice Aggregation (R.03-10-003)

On September 20, 2017, ALJ Peter Allen issued a [ruling](#) setting evidentiary hearings for October 11 and 12, 2017 pertaining to the PUC’s ongoing Rulemaking proceeding to implement portions of [AB 117 \(Migden\) \(Chapter 868, Statutes of 2002\)](#) concerning Community Choice Aggregation (CCA).¹⁰ This proceeding commenced in 2003 to resolve issues between investor-owned utilities (IOUs) and departing customers moving over to newly created CCAs. The instant proceeding concerns financial stability of IOUs CCAs¹¹—particularly each CCA’s risk of failure—and variables relevant to CCA financial security requirement (FSR) rates and re-entry fees for departed customers who return to IOU service.

The growing trend toward this “aggregation” option allows local communities to arrange for power generation and sources and to present an alternative to utility unilateral imposition of terms. This allows those representing ratepayers (local governmental entities) to use their volume marketing power as buyers to arrange advantageous terms.

¹⁰ AB 117 (Migden), authorized the creation of CCAs by specifically “allow[ing] cities and counties to aggregate their electric loads and provide service directly to their residents through formation of CCAs.”

¹¹ IOUs in this proceeding include SDG&E, PG&E, and SCE. CCA interests are represented by the California Community Choice Association (“CalCCA”).

Proceeding to Allocate Customer CCA Costs

On June 29, 2017, the PUC initiated rulemaking [R.17-06-026](#) to consider alternatives to the Power Charge Indifference Adjustment (PCIA). PCIA is a mechanism used in the PUC ratemaking methodology to ensure that when electric customers of IOUs depart from IOU service and receive their electricity from a non-IOU provider (CCAs or electric service providers (ESPs) or Direct Access), those departing customers remain responsible for costs previously incurred by IOUs on behalf of departing customers—but only those costs. PCIA ensures that ratepayers who remain bundled utility customers are not financially affected by reduced payments to the utility resulting from departing customers’ decisions to instead receive service from CCAs or ESPs.¹²

Decision Adopting Efficiency Goals for 2018–2030

On September 28, 2017, the PUC issued [D.17-09-025](#) adopting statewide energy-efficiency goals for ratepayer-funded energy efficiency program portfolios from 2018 to 2030, pursuant to [R.13-11-005](#)¹³ and Public Utilities Code sections 454.55 and 454.56.¹⁴ Commissioners based findings and goals on a combination of factors, including a modified Total Resource Cost test,¹⁵ the [2016 Avoided Cost Calculator](#) and a [GHG adder](#) that

¹² Section 366(d)(1) of the Public Utilities Code provides legislative intent that no cost-shifting result from AB 117. This section requires that remaining utility customers are financially unaffected by such departures and, accordingly, that departing, unbundled customers do not experience cost increases as a result of allocations for loads not expended by the unbundled customer.

¹³ R.13-11-005 is the Rulemaking Concerning Energy Efficiency Rolling Portfolios, Policies, Programs, Evaluation, and Related Issues.

¹⁴ Sections 454.55 and 454.56 of the Public Utilities Code require the PUC and CEC to identify all potential achievable cost-effective electricity and natural gas efficiency savings and “establish efficiency targets” for electrical and gas corporations to achieve.

¹⁵ A Total Resource Cost Test measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants’ and the utility’s costs.

reflects CARB’s Cap-and-Trade Allowance Price Containment Reserve Price.¹⁶ These findings were aided by [Energy Efficiency Potential and Goals Study for 2018 and Beyond](#), a report prepared for the PUC by Navigant Consulting to develop estimates of energy and demand savings potential in the service territories of California’s major IOUs during the post-2017 energy efficiency rolling portfolio planning cycle. These goals are published to inform planning activities of energy efficiency program administrators (i.e., IOUs), by the PUC staff in long-term IRP, and the CEC to adopt annual targets pursuant to [SB 350’s goal of doubling energy efficiency](#).

Equity Budget Established for the Self-Generation Incentive Program

On October 12, 2017 the PUC issued [D.17-10-004](#) establishing the Equity Budget for the [Self-Generation Incentive Program](#) (SGIP) as part of [R.12-11-005](#).¹⁷ The Equity Budget directs 25% of funds collected for SGIP distributed energy storage projects—an estimated \$55 million through 2020—to low-income homes in environmentally burdened communities throughout the state (\$55 million is approximately 25% of SGIP’s \$220 million energy storage budget). The PUC expressed the goal that the new equity program will “make [SGIP] more equitable without increasing customer costs.”

According to D.17-10-004, SGIP Program Administrators (PA)¹⁸ will administer the Equity Budget. Each PA must reserve 25% of its total SGIP budget for incentives

¹⁶ The Avoided Cost Calculator avoided costs related to the costs of meeting GHG emissions reduction goals.

¹⁷ The PUC established SGIP in [D.01-03-073](#) as a response to [AB 970 \(Ducheny\) \(Chapter 329, Statutes of 2000\)](#), which directed PUC to develop incentives to reduce peak energy demand through distributed generation resources.

¹⁸ PAs are PG&E, SCE, SoCalGas, and the Center for Sustainable Energy on behalf of SDG&E.

relating to distributed energy storage where the host customer of the energy storage project is a state and local government agencies, educational institutions, non-profits, or small businesses located in disadvantaged communities (DACs) and low-income communities.¹⁹ For SGIP Incentive Step 3 and subsequent incentive steps, each PA must reserve 10% of its Equity Budget for single family and multi-family low-income housing.²⁰

The Equity Budget is designed to harmonize the SGIP with legislative intent to equitably deploy clean energy resources that reduce peak electricity demand, like those specified in other sections of the Public Utilities Code.²¹ Changes to SGIP are a reaction to the PUC's 2014 and 2015 extensions of SGIP funding through [D.14-11-001](#) and [D.15-11-027](#), respectively, pursuant to [SB 861 \(Committee on Budget and Fiscal Review\) \(Chapter 861, Statutes of 2014\)](#). The PUC also adopted D.16-06-055 to modify how SGIP incentive funds are awarded and D.17-04-017 to double SGIP's budget through 2019, pursuant to [AB 1637 \(Low\) \(Chapter 658, Statutes of 2016\)](#). D.17-10-004 amends section 379.6 of the Public Utilities Code and modifies Step 3 of SGIP's energy storage provisions to provide incentives for customer-sited energy storage in DACs and low-income communities in California.

¹⁹ D.17-10-004 defines disadvantaged communities as those where census tracts determined by CalEnviroScreen to be in the 25% most affected statewide, plus those census tracts that score within the highest 5% of CalEnviroScreen's pollution burden but do not receive an overall CalEnviroScreen score. See [D.17-10-004](#) at 15–17 for definitions of eligible customer classes.

²⁰ This 10% reservation applies regardless of the size of the energy storage project (less than or greater than 10 kilowatts).

²¹ Other sections of the Public Utilities Code provide for Net Energy Metering tariffs designed for DAC growth (AB 327 (Perea) (Chapter 611, Statutes of 2013) codified at section 2827.1) and programs to fund solar roof installations on homes in DACs (section 2780).

TRANSPORTATION

Rideshare Companies Must Use Accredited Vendors for Background Checks (R.12-12-011)

On October 4, 2017, pursuant to background-check requirements formulated by the PUC in its September 2013 decision in [D.13-09-045](#), Commissioner Randolph issued a [proposed decision](#) which would require transportation network companies (TNCs)²² operating in California to use only background check companies that are accredited by the Background Screening Credentialing Council (BSCC) of the National Association of Professional Background Screeners (NAPBS) to conduct background checks on TNC employees. Commissioner Randolph proposes BSCC requirements as an added safety measure to accompany the requirements for TNCs set forth in section 5445.2 of the Public Utilities Code.²³ The proposed decision would further require background checks for each year a driver works for TNCs and proof of each background check company's BSCC accreditation. The proposed decision would not require rideshare employees to undergo biometric background checks, like those imposed on Taxi drivers, which require finger printing as an added safety measure in employee-screening processes.

At this writing, the Commission has not yet voted on the proposed decision.

²² TNCs, or “rideshare companies,” include companies like Uber, Lyft, and Wingz.

²³ Section 5445.2 of the Public Utilities Code provides that each TNC must do the following: (1) perform multi-state and multi-jurisdiction criminal records searches; (2) not contract with or employ individuals registered on the Department of Justice National Sex Offender Public Website or convicted of either a violent felony or a violation of Penal Code sections 11413, 11418, 11418.5, or 11419; and (3) not contract with or employ individuals convicted of any of the following within seven years of the background check: misdemeanor assault or battery; domestic violence offense; driving under the influence of alcohol or drugs; a felony violation of Elections Code section 18540, or Penal Code section 67, 68, 85, 86, 92, 93, 137, 138, 165, 518, 530, 18500, 484, 487(a), or 25540(b).

Investigation of Uber DUI Policy

On April 6, 2017, the PUC initiated investigation [I.17-04-009](#)²⁴ as a proceeding in R.12-12-001 to determine appropriate fines and sanctions against Uber's TNC, Raisier-CA, LLC (Raisier), for Uber's failure to comply with [D.13-09-045](#), Public Utilities Code section 5381, and Rule 1.1. The investigative proceeding chiefly considered the PUC's Consumer Protection and Enforcement Division's (CPED) allegations that Uber failed to comply with zero tolerance rules in Safety Requirement D of D.13-09-045. Safety Requirement D requires ride-hailing companies operating in California to immediately suspend and investigate drivers after each TNC receives a zero-tolerance complaint alleging a driver was intoxicated or under the influence of drugs while driving. CPED alleged that Uber failed to either promptly suspend and/or investigate TNC drivers after Uber received 151 zero-tolerance complaints between August 12, 2014 and August 31, 2015. CPED requested that the PUC fine Uber a \$7,500 penalty per violation pursuant to section 5378(b) of the Public Utilities Code for a sum of \$1,132,500 in fines.

The parties held two mediation sessions with ALJs on September 1 and 20, 2017. On October 13, 2017, Uber (as Raiser), filed a Joint Motion with CPED requesting that the PUC adopt a settlement agreement to resolve the issues. If adopted by the PUC, the agreement would require Uber to do the following: (1) implement interim zero tolerance complaint education and investigation protocols; (2) file a motion to expand the scope of R.12-12-011 to include an opportunity for the PUC to develop industry-wide standards for

²⁴ I.17-04-009 is the Investigation on the Commission's Own Motion into Why [PUC] Should not Impose Appropriate Fines and Sanctions Against Raiser-CA LLC for Violating the Commission's Decision 13-09-045, Safety Requirement D by Failing to Comply with The Zero Tolerance Rules and Public Utilities Code 5381.

the investigation requirement in Safety Requirement D; (3) pay \$750,000 in penalties for issues raised by CPED and those that could have been raised between August 12, 2014 through August 10, 2016, inclusive, and January 10, 2017 through February 25, 2017, inclusive. The PUC is expected to issue a decision adopting or proposing modifications to the agreement by early 2018.

Fines Against Bay Area Rapid Transit District for Fatal Accident (1.16-06-10)

On October 6, 2017, the PUC issued a [\\$659,000 fine](#)²⁵ against San Francisco’s Bay Area Rapid Transit District (BART) relating to a fatal accident on October 19, 2013. The accident occurred when a BART train struck and killed two workers who were working on BART tracks in Contra Costa County. The PUC deemed alleged violations to be “serious and egregious” because they were “committed by BART’s top level veteran managers, reflecting BART’s organizational and management culture and attitudes.”

Violations alleged include, among others: (1) BART’s manager and trainer repeatedly used his cell phone in violation of BART Safety Rules and General Order 172²⁶; (2) BART’s manager and trainer failed to properly supervise trainees; (3) BART’s managers failed to sound the train horn prior to the accident, as required by BART’s Train Operator Manual; (4) BART’s manager and its Operation Control Center (OCC) operator failed to warn about the presence of wayside workers, as required; (5) BART’s manager

²⁵ PUC ordered a three-year probationary period for BART in lieu of two-thirds of total fines.

²⁶ BART Train Operator Manual, Book 315, Rule 114(b) (“Personal Electric Equipment: Use of cell phone . . . [is] prohibited when operating trains”); PUC General Order 172, § 3.1(a) (prohibited use of a personal electric device, that devices must be turned off and stowed when operating rail transit and on-track vehicles).

and wayside workers failed to comply with BART's safe clearances when working between BART trackway rails²⁷; (6) BART failed to submit a timely and adequate investigative report; (7) five BART managers violated the General Order 172 Zero Tolerance Policy.²⁸

BART must pay \$219,666, in fines within sixty-days of the October 6 decision, but the PUC ordered a stay of two-thirds of the total fines. In lieu of the stayed fines, the PUC placed BART on a three-year probation within which it must develop revised safety rules and training programs, submit to the PUC annual reports of violations similar to those in this proceeding, and undergo monitoring by the PUC's Safety and Enforcement Division. The probationary period will expire in three years, unless the PUC extends it based on a showing of cause.

TELECOMMUNICATIONS

The PUC Will Use Competitive Solicitation for 2018 Lifeline Contract

On June 20, 2017, California State Auditor released a [report](#) following an investigation of the Department of General Services and the Department of Technology, the state bodies responsible for overseeing purchases to ensure taxpayers do not overpay for goods and services. The audit revealed that 12 of the 31 contracts reviewed for the investigation were never submitted to the state database that was established to resolve lack-of-oversight issues identified in a 2002 audit.

²⁷ Workers were using a conductive gauge on the track at the time of the accident in direct violation of BART's Electrical Safe Clearance rules (OR&P § 6602 Electrical Safety Protection).

²⁸ PUC imposed fines that were not sought by SED for the failure of all five managers aboard the incident train to make any efforts to stop, discourage, or correct a BART Trainer and manager from texting and openly carrying his cell phone, in violation of one of BART's zero tolerance safety policies, General Order 172.

The present audit revealed that data concerning many state contracts was either omitted or misrepresented, including the [PUC's seven amendments to the *Lifeline* no-bid contract](#) for communication services for low-income residents. The amendments occurred over six years and increased costs to \$84 million from the original \$36 million. The PUC submitted noncompetitive requests to General Services close to expiration dates for then-existing *Lifeline* contracts which created urgency and failure to record the associated amendments in the state database. The PUC responded by stating its intentions to employ competitive solicitation for next year's *Lifeline* contract.

SDG&E Requests \$250 million from Ratepayers to Update its Computer System

On April 28, 2017, SDG&E submitted application [A.17-04-027](#) to the PUC, seeking authority to implement its Customer Information System Replacement Program (“new CIS”) and to establish a balancing account to recover costs associated with the new CIS. According to SDG&E, its current system is 20 years old and is used to manage business—and customer—related functions including billing and payment, credit and collection, meter data, customer case, rates, and system outages. SDG&E’s application asserts that the new CIS will move all customer data to a single location, thereby offering a more customer-centric way of doing business by allowing various units of the utility to efficiently assist customers through different channels of communication. SDG&E estimates that the updates will cost approximately \$250 million and requested approval in A.17-04-027 to recover these costs from [ratepayers](#).

On May 30, 2017, an ALJ [granted](#) SDG&E’s motion to establish the Customer Service Information Memorandum Accounts (CISMA) to record costs for the new CIS.

The CISMA effectively allows SDG&E to track costs relating to the new CIS instead of having to wait until the conclusion of the entire proceeding to begin collecting data. This authorization specified that authority to establish CISMA does not provide SDG&E with authority to recover costs for the new CIS from ratepayers—this determination will be made in a subsequent proceeding.

The PUC Eliminates Boundaries between 619 and 858 Area Codes

On May 1, 2017, a PUC [press-release](#) announced that it would remove boundaries between current regions using 619 and 858 area codes, so that both area codes will be available anywhere within the 619/858 geographic regions. This differs from a traditional area code overlay, where a new code is added to an existing geographic area served by an area code with depleting number combinations. Here, rather than adding a new code to the 619 region, the PUC eliminated boundaries, lumping residents in 619 and 858 regions into one system. All of the existing 619 and 858 users will retain their current telephone numbers. But starting on May 19, 2018, residents within the expanded region must use the new (11-digit) procedure to connect locally, requiring the many phone calls within the previous respective area codes to now be reached only upon the new dialing of “619” or “858.” This San Diego policy change will closely follow a similar change, effective to the Sacramento region on February 10, 2018. On that date, those in either the 916 or 279 historical area codes will have a similar 11-digit requirement for local calls.

LEGISLATION

INTERNAL

[SB 19 \(Hill\)](#), known as the California Public Utilities Commission Governance, Accountability, Training, and Transportation Oversight Act of 2017, amends various sections of the Public Utilities Code to institute a series of reforms to the PUC’s operations and governance structure.

Of note, the bill provides for the transfer, by July 1, 2018, of four transportation-related functions from the PUC to other agencies or jurisdictions, including the transfer of household goods carriers to a newly-created “Division of Household Movers” at the Bureau of Electronic and Appliance Repair, Home Furnishings, and Thermal Insulation within the Department of Consumer Affairs (DCA); vessels for hire will be regulated by the Division of Boating and Waterways within the Department of Parks and Recreation; private carriers will be regulated by the Department of Motor Vehicles; and commercial air operators will be regulated by cities and counties.

The bill also amends section 303 of the Public Utilities Code to prohibit public utilities executives from serving as a PUC commissioner within two years of employment with a utility, and generally prohibits commissioners from holding an official relation to, or having a financial interest in, a person or corporation subject to regulation by the agency.

SB 19 adds section 307.2 to require the PUC’s general counsel to designate an ethics officer, who will be responsible for: (1) instituting a program of enhanced ethics training for all commissioners and employees of the PUC, including training concerning the PUC’s Conflict of Interest Code, Statement of Incompatible Activities, and limitations

upon ex parte communications; and (2) providing confidential advice to commissioners and employees of the PUC on compliance with the same.

New section 307.5 requires the PUC to appoint a chief ALJ, who will hold office at the pleasure of the Commission, and will be responsible for the oversight of the ALJ division and must organize, supervise, and direct the operations of the division as directed by the Commission, and consistent with its policies. Similarly, new section 307.6 requires the PUC to appoint a chief internal auditor, who will hold office at the pleasure of the Commission, be responsible for the oversight of the internal audit unit, and undertake audits of financial, management, operational, and information technology functions to improve accountability and transparency. New section 912.3 mandates that some audits be immediately reported to the legislature and the governor.

The bill also amends section 321 to mandate that the PUC's public advisor receive public complaints and comments concerning the PUC, to assess and analyze the comments, and to keep the confidentiality of the identity of the member of the public, unless the member of the public expresses a desire to make their identity known.

Finally, the bill adds section 633 to require the PUC to notify the Attorney General when contracting for legal services by outside attorneys who are not employees of the PUC. Governor Brown signed SB 19 on October 2, 2017 (Chapter 421, Statutes of 2017).

GENERAL ENERGY

[SB 801 \(Stern\)](#), as amended September 8, 2017, amends section 972 of, and adds sections 2104.7, 2836.7, 9616, and 9618 to the Public Utilities Code to impose a series of requirements on energy utilities serving ratepayers in the Los Angeles Basin to support energy reliability where it has been affected by reductions in storage gas capacity and gas

deliverability resulting from the 2015 leak at the Aliso Canyon storage facility. Section 972 now requires that a penalty assessed against a gas corporation for a natural gas storage facility leak must at least cover the amount necessary to “reduce the impact on the climate” of the GHGs emitted by the leak. That amount is as determined by the State Air Resources Board (ARB).

The bill adds section 2104.7 to redirect any fines or penalties levied on SoCalGas as a result of the leak from the State’s General Fund to the “Aliso Canyon Recovery Account,” which was created in the State Treasury. The bill permits the funds deposited into this account to be appropriated by the legislature to mitigate impacts on local air quality, public health, and ratepayers resulting from the well failure at Aliso Canyon.

According to the new section 2836.7, the following three things must occur by June 1, 2018: (1) the Los Angeles Department of Water and Power (LADWP), in coordination with the city council of Los Angeles, shall determine the feasibility of deploying a minimum aggregate total of 100 MW of cost-effective energy storage to help address the Los Angeles Basin’s electrical storage needs (related to reduced natural gas from Aliso Canyon); (2) the PUC shall direct an electrical corporation serving the Los Angeles Basin to deploy a minimum aggregate total of 20 MW of “cost-effective energy storage solutions” for the same purpose; and (3) the PUC, utilities, and local governments shall act to accomplish rapid compliance.

New section 9616 requires that, to the extent feasible, a local publicly owned electric utility (POU) providing electric service to 250,000 or more customers within the Los Angeles Basin must maximize the use of “demand response” renewable energy resources and energy efficiency to reduce demand in the area affected by the well failure

at the Aliso Canyon natural gas storage facility. Additionally, these POUs must make publicly available, upon request, electrical grid data to assist energy resource providers to accomplish reliable supply. The data made available must be available pursuant to the California Public Records Act, by March 1, 2018. Governor Brown signed SB 801 on October 14, 2017 (Chapter 814, Statutes 2017).

Energy Rates

[SB 549 \(Bradford\)](#), as amended July 20, 2017, adds section 591 to the Public Utilities Code regarding the redirection of funds by electrical or gas corporations. It requires electrical and/or gas corporations to annually notify the PUC of each instance in which the corporation redirected any capital or expense revenue that the Commission previously authorized for maintenance, safety, or reliability. The electrical and/or gas corporation must provide notice to the Commission, either as part of an ongoing proceeding, or by submitting an annual report detailing the redirected funds. Under the bill, the Commission must ensure that such notification is promptly made available to the OSA and the ORA, as well as to parties on the service list of any relevant proceeding. Governor Brown signed SB 549 on September 25, 2017 (Chapter 284, Statutes of 2017).

ENERGY EFFICIENCY/STORAGE/SOLAR

Integrated Resource Planning

[SB 338 \(Skinner\)](#), as amended August 28, 2017, amends sections 454.52 and 9621 of the Public Utilities Code to require the PUC and the governing board of each POU to consider a variety of energy technologies and resources—including distributed generation, energy storage, and existing renewable generation resources—to meet general energy and reliability needs during peak demand. In doing so, the bill requires each LSE to reduce the

need for new generation and transmission resources to minimize ratepayer costs for electricity. This bill aims to ensure that POU's consider the role of distributed and renewable resources in developing IRPs. The purpose here is to meet the statewide renewable energy and GHG reduction goals. The Governor signed SB 338 on September 30, 2017 (Chapter 389, Statutes of 2017). The bill was double joined to related bill AB 759, which was also signed.

[AB 759 \(Dahle\)](#), as amended June 13, 2017, amends section 454.52 of the Public Utilities Code to require electrical cooperatives with annual demand exceeding 700 gigawatt hours (GWh) to submit IRPs to the PUC—annual demand to be determined by averaging the three year annual demand beginning January 1, 2013. LSEs that are electrical cooperatives with annual demand below 700 GWh are exempt from this requirement. Governor Brown signed AB 759 on July 31, 2017 (Chapter 140, Statutes of 2017).

[SB 618 \(Bradford\)](#), as amended August 31, 2017, adds section 454.54 to the Public Utilities Code to require LSEs to submit IRPs that explicitly contribute to a diverse portfolio of energy resources, ensuring a reliable electricity supply for end-users that meets statewide environmental goals and eliminates cost-shifting among LSEs. SB 350 (de León) (Chapter 547, Statutes of 2015) had already modified existing law to require the PUC to develop a process for LSEs to submit IRPs to the PUC. This requirement was intended to ensure that each LSE contributed to certain statewide GHG reduction and renewable energy procurement goals. Governor Brown signed SB 618 on October 2, 2017 (Chapter 431, Statutes of 2017).

[AB 797 \(Irwin\)](#), as amended September 8, 2017 makes a series of amendments to the Public Utilities Code to extend the [California Solar Initiative \(“CSI”\) Thermal program](#),

which incentivizes the installation and use of solar thermal systems administered by IOUs, from August 1, 2018 to August 1, 2020. AB 797 reserves 50 percent of the existing CSI Thermal budget (\$250 million) for systems installed in low-income residential housing or DACs, as defined by CalEnviroscreen. The bill expands the definition of qualifying systems (previously “solar water and space heating systems”), to “solar thermal” to include water and space heating (as well as cooling systems) to replace natural gas-related industrial needs like sterilizing, pasteurizing, or drying. The bill expands eligible customer classes to include agricultural customers and San Joaquin Valley homeowners who lack access to natural gas. The bill also authorizes the PUC to limit program eligibility based on income for residential participants. Governor Brown signed AB 797 on October 4, 2017 (Chapter 473, Statutes of 2017).

[AB 1070 \(Gonzalez Fletcher\)](#), as amended September 1, 2017, as it pertains to the PUC, adds section 2854.6 to the Public Utilities Code, relating to solar energy systems. AB 1070 requires the Contractors’ State License Board (CSLB), in collaboration with the PUC, to develop a “solar energy system disclosure document” for solar energy customers that provides accurate and concise information regarding financing options, total costs, and estimated savings of solar energy systems on residential buildings. The bill specifies that this disclosure document must be printed—in bold, 16-point font—on the front page or cover page of each solar energy contract procured in California. For solar energy systems utilizing Property Assessed Clean Energy (PACE) financing, *the underlying installation contracts* for each system must include the same formalities that current law requires for financing contracts. AB 1070 requires the CSLB to post the PACE Financing Estimate and Disclosure form on CSLB’s website and designates CSLB—instead of the DCA—as the

entity responsible for receiving consumer complaints and questions regarding solar energy systems and solar contractors. These provisions do not apply to solar energy systems installed as a standard feature in new construction. Governor Brown signed AB 1070 on October 11, 2017 (Chapter 662, Statutes of 2017).

Net Energy Metering

[AB 36 \(Nazarian\)](#), as amended April 4, 2017, would have amended section 2827.10 of the Public Utilities Code to broaden customer eligibility for the Fuel Cell Net Energy Metering program to include electromechanical on-site electricity generation technologies that convert gas to electricity. Governor Brown [vetoed](#) AB 36 on October 9, 2017, explaining that

AB 1637, a bill [he] signed into law just last year, continued the existing fuel cell program based specifically on its ability to further reduce [GHGs]. As we continue to develop a cleaner grid, [Governor Brown] prefer[s] to evaluate the effectiveness of the reformed fuel cell program before expanding it to other technologies.

Energy Storage

[AB 546 \(Chiu\)](#), as amended August 29, 2017, adds section 65850.8 to the Government Code to require cities and counties to make “permitting documents” for advanced energy storage installations available on their websites. AB 546 further requires these cities and counties to accept electronic submissions of permit applications, including electronic signatures, for advanced energy storage installations. This bill allows the Governor’s Office of Planning and Research (OPR) to consult with local building, storage, and utility officials to provide guidance in establishing fees for permitting and inspection. Cities and counties with 200,000 or more residents must comply by September 30, 2018, while cities and counties with less than 200,000 residents have until January 31, 2019, to

comply. Governor Brown signed AB 546 on September 30, 2017 (Chapter 380, Statutes of 2017).

California Global Warming Solutions Act of 2006

[AB 398 \(Garcia\)](#), and [AB 617 \(Garcia\)](#), as amended July 14, 2017 is a two bill package to extend the cap-and-trade program established pursuant to [AB 32 \(Nunez\) \(Chapter 488, Statutes of 2006\)](#), also known as the California Global Warming Solutions Act of 2006. Specifically, AB 398 extends ARB’s authority to administer the program from December 31, 2020 to December 31, 2030; requires ARB to update the Scoping Plan by January 1, 2018; and extends the 3.94 percent sales and use tax exemption for qualified manufacturers and research and development firms until July 1, 2030. Among other things, the bill also suspends the fire prevention fee effective 2017–2018, with further provisions repealing fire prevention fee statutes on January 1, 2031.

AB 617, a companion measure to AB 398, explicitly requires ARB to consider air-quality burdens faced by DACs in creating new programs pursuant to reduce health impacts of “criteria” pollutants and toxic air contaminant emissions produced by stationary sources of emissions. (Note that “criteria pollutants” chiefly include ozone, particulate matter, carbon monoxide, nitrogen oxides, sulfur dioxide and lead). Among other things, the bill requires ARB to identify high-risk communities and assist local air districts in developing and implementing low-cost monitoring plans; create a statewide clearinghouse that identifies best available control technology (BACT) and best available retrofit control technology (BARCT) to control criteria air pollutants to be published on ARB’s website; and provide grants to community-based organizations for technical assistance and

development of emissions reduction programs within the community in which the organization is based.

Governor Brown signed AB 398 as an urgency statute on July 25, 2017 (Chapter 135, Statutes of 2017), and signed AB 617 on July 26, 2017 (Chapter 136, Statutes of 2017).

TRANSPORTATION

[SB 182 \(Bradford\)](#), as amended August 21, 2017, adds Chapter 7 (commencing with section 16550) to the Business and Professions Code to allow Californians who drive for TNCs to obtain a single local business license instead of multiple licenses from each local jurisdiction in which the driver operates. The bill clarifies licensing requirements for TNCs and specifically prohibits local governments from requiring a TNC driver to obtain more than one business license, including drivers who travel across multiple municipalities. Additionally, some jurisdictions in California post identifying information of business-license recipients online—this is often the physical business location for those with a registered business license, but for independent contractors such as TNC drivers, this means posting their name and home address. SB 182 prevents jurisdictions from posting the personal information of TNC drivers with registered business licenses in that jurisdiction. Governor Brown signed SB 182 on October 13, 2017 (Chapter 769, Statutes of 2017).

TELECOMMUNICATIONS

[AB 1665 \(Garcia\)](#), as amended September 8, 2017, amends sections 281, 912.2, and 914.7 of the Public Utilities Code, and is officially termed the “Internet for All Now Act.” This bill makes various changes to the California Advanced Services Fund (CASF)

program, including revising the goal of the program to approve funding for infrastructure projects that will provide broadband access to at least 98 percent of California households existing as of January 1, 2017. The bill additionally requires the PUC to give preference to projects in areas not currently receiving wireless or any Internet service. Providers must deploy projects within 180 days of the PUC approval or risk losing funds provided for deployment. The Internet for All Now Act also creates the Broadband Adoption Account to increase broadband access for the public and after-school programs and digital inclusion in communities facing socioeconomic barriers to broadband adoption.²⁹ Governor Brown signed AB 1665 on October 15, 2017 (Chapter 851, Statutes of 2017), and it took effect immediately as an urgency statute.

[SB 649 \(Hueso\)](#), as amended September 6, 2017, would have added sections 65964.2 and 65964.5 to the Government Code to establish a uniform permitting process for small cell wireless equipment and fix the rates that local governments may charge for replacement of that equipment on city or county-owned property, (such as streetlights and traffic signal poles). The bill would have also prohibited cities and counties from requiring video or cable service providers to pay any fees not authorized by state law, and from requiring video or cable service providers to obtain additional permits to provide services already provided by a franchise-holder under the Digital Infrastructure and Video Competition Act of 2006. Governor Brown [vetoed](#) SB 649 on October 15, 2017, explaining that although, “[t]here is something of real value in having a process that results in extending this innovative technology rapidly and efficiently...[he] believe[s] that the

²⁹ Some examples of digital inclusion programs include grants for digital literacy training and related public education.

interest which localities have in managing rights of way requires a more balanced solution than the one achieved in this bill.”

LITIGATION

INTERNAL

Karen Clopton Announces Wrongful Termination Claim

On September 19, 2017, former PUC chief ALJ, Karen V. Clopton, filed a [complaint](#) with the State Personnel Board alleging wrongful termination of a whistleblower and systemic racial bias. Starting in 2014, Clopton worked with state and federal investigators to determine whether any laws were broken by the communications between PG&E and commissioners. Clopton removed now-former Commissioner Michael Florio from the San Onofre proceeding after emails from the San Bruno investigation showed that the commissioner had ties to the utility executives. She was removed from her position in August of 2017.