

Date of Issuance

December 14, 2023

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ADMINISTRATIVE SERVICES DIVISION

RESOLUTION M-4870

December 14, 2023

R E S O L U T I O N

Resolution M-4870. Adopts Public Utilities Commission Utilities Reimbursement Account User Fees, effective January 1, 2024.

SUMMARY

This Resolution adopts the Public Utilities Commission Utilities Reimbursement Account (PUCURA), Fund 0462, user fees as follows:

User Fees for Public Utilities Commission Utilities Reimbursement Account		
Electric Corporations	0.0010	\$/kwh
Gas Corporations	0.0010	\$/therm
Heat Corporations	0.00	\$/thousand lbs. steam
Water System Corporations	0.007 (0.7 percent)	x Revenue
Sewer System Corporations	0.012 (1.2 percent)	x Revenue
Telecommunication Corporations	0.012 (1.2 percent)	x Revenue

BACKGROUND

The California Public Utilities Commission (CPUC or Commission) uses the Public Utilities Code as the basis for its methodology to annually assess user fees for energy, water, sewer, and telecommunication utilities.

Public Utilities Code Section 431:

- (a) The commission shall annually determine a fee to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat corporation and every other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the commission other than a railroad, except as otherwise provided in Article 2 (commencing with Section 421)
- (b) The annual fee shall be established to produce a total amount equal to that amount established in the authorized commission budget for the same year, including adjustments for increases in employee compensation, other increases appropriated by the Legislature, and an appropriate reserve to regulate public

utilities less the amount to be paid from special accounts or funds pursuant to Section 402, reimbursements, federal funds, and any other revenues, and the amount of unencumbered funds from the preceding year.

(c) This article shall not apply to any electrical cooperative as defined in Chapter 5 (commencing with Section 2776) of Part 2.

(d) On and after January 1, 1985, this article shall apply to radiotelephone utilities as defined in Section 4902 as those provisions read on December 31, 1984.

(e) This section shall become operative on January 1, 2020.

Public Utilities Code Section 432:

The commission shall establish the fee pursuant to Section 431 with the approval of the Department of Finance and in accordance with all of the following:

(a) In its annual budget request, the commission shall specify both of the following:

(1) The amount of its budget to be financed by the fee.

(2) The dollar allocation of the amount of its budget shall be financed by the fee by each class of public utility subject to the fee. The fee allocation among classes of public utilities shall reflect expenditures by the commission on regulatory and other authorized activities affecting each respective class, and shall bear the same ratio that the commission's workload for each class of public utility subject to the fee bears to the commission's total workload for all public utilities subject to the fee.

(b) The commission may establish different and distinct methods of assessing fees for each class of public utility, if the revenues collected are consistent with paragraph (2) of subdivision (a), except that the commission shall establish a uniform charge per kilowatt hour for sales in kilowatt hours for the class of electrical corporations and a uniform charge per therm for sales in therms for the class of gas corporations.

(c) Within each class of public utility subject to the fee, the commission shall allocate among the members of the class the amount of its budget to be financed by the fee using the following methods:

(1) For electrical corporations, the ratio that each corporation's sales in kilowatt hours bears to the total sales in kilowatt hours for the class.

(2) For gas corporations, the ratio that each corporation's sales in therms bears to the total sales in therms for the class.

(3) For telephone and telegraph corporations, the ratio that each corporation's gross intrastate revenues bears to the total gross intrastate revenues for the class. If the commission determines that there is a need for consultants or advisory services to assist in determining the reasonableness of capital expenditures for a telephone corporation, the commission may

adjust the fees within the class so that the expenses for the consultants and advisory services are fully allocated to that telephone corporation.

(4) For water and sewer system corporations, the ratio that each corporation’s gross intrastate revenues bears to the total gross intrastate revenues for the class.

(5) For all other public utilities, an appropriate measurement methodology determined by the commission.

(d) Every public utility belonging to more than one class shall be subject to the fee for each class of which it is a member.

(e) For every public utility with annual gross intrastate revenues of seven hundred fifty thousand dollars (\$750,000) or less, the commission shall annually establish uniform fees to be paid by each such public utility, if the revenues collected thereby are consistent with paragraph (2) of subdivision (a) and subdivision (c).

DISCUSSION

Revenue and Expenditure Analysis

The Governor’s Budget structures PUCURA’s authorized expenditures by Program and Subprogram, as shown below in Table 1. Subtasks, the most granular level of detail by utility class (electricity, gas, sewer, steam), are not displayed in the Governor’s Budget but tracked internally by the CPUC.

Table 1: Governor’s budget structure, PUCURA

Program	Subprogram	Subtask (Utility Class)
Regulation of Utilities (6680)	Energy (6680055)	Electric Corporations Gas Corporations Steam Corporations
	Water/Sewer (6680064)	Water Corporations Sewer Corporations
	Communications (6680073)	Telephone and Telegraph Corporations Video Franchise

In addition to the CPUC’s budgeted expenditures from PUCURA, the fund supports expenditures of the Public Advocate’s Office (PUBADV) within the CPUC, the Office of Energy Infrastructure Safety (Org 3355), the Energy Resources Conservation and Development Commission (Org 3360), the Air Resources Board (Org 3900), the Office of Environmental Health and Hazard Assessment (Org 3980), and statewide fund assessments.

Table 2 shows PUCURA's 2023-24 total estimated expenditures distributed by Utility Class per Table 1.

Table 2. PUCURA Expenditures

Utility Class	CPUC Estimated Expenditures ¹	PUBADV Estimated Expenditures ²	Other Departments Estimated Expenditures ³	Total Estimated Expenditures 2023-24
Electric	\$ 142,391,000	\$ 35,385,000	\$ 31,882,000	\$209,658,000
Gas	26,841,000	6,670,000	5,598,000	39,109,000
Steam	2,000	1,000	-	3,000
Water	19,173,000	4,060,000	-	23,233,000
Sewer	192,000	41,000	-	233,000
Telco.	40,900,000	9,120,000	-	50,202,000
Total	\$229,499,000	\$55,277,000	\$37,480,000	\$322,256,000

On December 16, 2022, the CPUC issued Resolution M-4866⁴ which determined that water companies and sewer companies are recognized as two separate classes of utilities per Public Utilities Code section 431(a)⁵. As such, the CPUC has determined that separate rates must be established by utility class to maintain equity in the user fees collected for regulation of water systems and sewer systems.

¹ From the 2023-24 Enacted Governor's Budget; estimated expenditures include fund assessments allocated by utility class.

² From the 2023-24 Enacted Governor's Budget; PUBADV (Fund 3089) estimated expenditures include fund assessments allocated by utility class.

³ From the 2023-24 Enacted Governor's Budget; estimated expenditures for other departments.

⁴Resolution M-4866:

<https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M499/K980/499980144.PDF>

⁵Public Utilities Code section 431 (a)

Table 3 shows the comparison between 2023-24 projected user fee revenue and 2023-24 total estimated expenditures at the proposed rates, distributed by Utility Class per Table 1.

Table 3. PUCURA User Fees and Expenditures Projected for 2023-24 (With Fee Change)

Utility Class	Estimated User Fee Revenue 2023-24 (a)	Total Estimated Expenditures 2023-24 (b)	Estimated Revenues Less Estimated Expenditures (a-b)
Electric	\$180,283,000	\$209,658,000	(\$29,375,000)
Gas	20,245,000	39,109,000	(18,864,000)
Heat (Steam)	1,000	3,000	(2,000)
Water	15,964,000	23,233,000	(7,269,000)
Sewer	35,000	233,000	(198,000)
Telephone	48,261,000	50,202,000	(1,759,000)
Total	\$ 264,789,000	\$ 322,256,000	(\$57,467,000)

Table 4 shows the expected fund reserve for FY 2023-24 and FY 2024-25 at the proposed rates and current estimated expenditures.

Table 4. PUCURA Fund reserve summary, with fee change

Line	Item	2023-24	2024-25
A	Beginning-of-Year Fund Reserve	\$291,190,000	\$233,723,000
B	Estimated User Fee Revenues (with rate change)	264,789,000	240,169,000
C	Estimated Expenditures	(322,256,000)	(355,614,000)
D	Net Fund Increase/(Decrease) (B + C)	(57,467,000)	(115,445,000)
E	Estimated Ending Fund Reserve (A + D)	\$233,723,000	\$118,278,000

Fund Reserve Analysis

The CPUC’s fund reserve policy for PUCURA requires a minimum fund reserve of 25 percent of expenditures. At the proposed rates, the projected revenue plus the current available reserve is sufficient to support total estimated expenditures and maintain adequate fund reserve.

Fee Change Analysis

Based on the analysis of user fee revenue, compared to total estimated expenditures and fund reserve requirements by utility class, the CPUC proposes the below necessary rate adjustments.

Table 5. User Fee Rates Comparison, Current vs. Proposed

Utility Class	Current User Fee Rates	Proposed User Fee Rates	Base	Difference	percent Change
Electric	0.00130	0.001	\$/ kwh	-0.0003	-23.08percent
Gas	0.003	0.001	\$/therm	-0.002	-66.67 percent
Steam	0.005	0	\$/thousand lbs. steam	-0.005	-100.00 percent
Water	0.008	0.007	x Revenue	-0.001	-12.50 percent
Sewer	0.008	0.012	x Revenue	0.004	50.00 percent
Telco	0.0075	0.012	x Revenue	0.0045	60.00 percent

COMMENTS

In accordance with Public Utilities Code Section 311(g), the Commission published this draft resolution on its website and sent copies to all affected regulated entities.

Comments are due on or before November 20, 2023. No comments were received.

FINDINGS AND CONCLUSIONS

1. Public Utilities Code Section 431(a) requires the commission to annually determine a fee to be paid by each utility class subject to the Commission's jurisdiction.
2. The fee assessments are calculated giving consideration to the total estimated expenditures and available fund reserves by utility class.
3. Based on the 2023-24 Fiscal Year analysis, current available fund reserves and projected revenues at proposed rates for electric, gas, heat/steam, and water utility classes are sufficient to support the total estimated expenditures and maintain an adequate fund reserve.
4. Based on the 2023-24 Fiscal Year analysis, projected available fund reserves and projected revenues at proposed rates for telephone and telegraph and sewer utility classes are sufficient to support the total estimated expenditures and maintain an adequate fund reserve.
5. The Commission will assess the necessary rate adjustments in future resolutions.

THEREFORE, IT IS ORDERED THAT:

1. Effective January 1, 2024, the current PUCURA user fees shall be revised as follows:

User Fees for Public Utilities Commission Utilities Reimbursement Account		
Electric Corporations	0.001	\$/kwh
Gas Corporations	0.001	\$/therm
Heat Corporations	0.00	\$/thousand lbs. steam
Water System Corporations	0.007 (0.7 percent)	x Revenue
Sewer System Corporations	0.012 (1.20 percent)	x Revenue
Telephone and Telegraph Corporations	0.012 (1.20 percent)	x Revenue

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on December 14, 2023; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON

Rachel Peterson
Executive Director

ALICE REYNOLDS
President
DARCIE HOUCK
JOHN R.D. REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Genevieve
Shiroma, being necessarily
absent, did not participate.

APPENDIX A
0462 Public Utilities Commission Utilities Reimbursement Account
Fund Condition Statement with current rates

	FY 2022-23	FY 2023-24
BEGINNING BALANCE	\$209,982,000	\$291,190,000
Prior Year Adjustments	(\$1,632,000)	
Adjusted Beginning Balance	\$208,350,000	\$291,190,000
REVENUES, TRANSFERS, AND OTHER ADJUSTMENTS		
Revenues:		
Quarterly Public Utilities Commission Fees	345,153,000	264,789,000
Other Regulatory Fees	6,725,000	1,500,000
Other Regulatory Licenses and Permits	-	-
Document Sales	-	-
Misc. Services to the Public	67,000	-
Escheat of Unclaimed Checks, Warrants, Bonds and Coupons	77,000	5,000
Income from Surplus Money Investments	5,171,000	350,000
Miscellaneous Revenue	4,000	5,000
Capital Asset Sales	4,000	
Transfers:		
Revenue Transfer to Ratepayer Advocate Account (3089) per Item 8660-011-0462, Various Budget Acts	(52,906,000)	(52,233,000)
Transfer to General Fund per EO E 21/22-276, Sec. 20825.1		
Revenue Transfer from Propane Safety Inspection and Enforcement Program Trust Fund (0051) to Public Utilities Commission Utilities Reimbursement Account (0462) per Public Utilities code Section 4458	100,000	100,000
Total Revenues, Transfers, and Other Adjustments	\$304,395,000	\$214,516,000
Total Resources	\$512,745,000	\$506,706,000
EXPENDITURES AND EXPENDITURE ADJUSTMENTS		
Expenditures:		
Public Utilities Commission State Operations	\$170,023,000	\$218,229,000
Office of Energy Infrastructure Safety (State Ops)	\$37,402,000	\$34,871,000
3360 Energy Resources Conservation and Development Commission (State Operations)	\$1,050,000	\$2,185,000
3900 Air Resources Board	\$207,000	\$207,000
3980 Office of Environmental Health & Hazard Assessment	\$218,000	\$218,000
Supplemental Pension Payments	\$3,314,000	\$3,314,000
Statewide General Admin Expense (Pro Rata)	\$9,341,000	\$7,956,000
Total Expenditures and Expenditure Adjustments	\$221,555,000	\$266,980,000
FUND BALANCE	\$291,190,000	\$238,726,000

The projected Fund Condition Statement is based on estimated used fees revenue based on the rates proposed in this Resolution.

The projected Fund Condition Statement will not match the 2024-25 Governor's Budget as the updated revenue projections are not reflected in the 2024-25 Governor's Budget.