PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

Resolution ALJ-464
Administrative Law Judge Division
September 26, 2024

R E S O L U T I O N

RESOLUTION ALJ-464. Fee increase for filing an application for a certificate of public convenience and necessity, or for the mortgage, lease, transfer, or assignment thereof, pursuant to Public Utilities Code Section 1904(a).

SUMMARY

This resolution increases the fee required for filing an application for a certificate of public convenience and necessity (CPCN), or for the mortgage, lease, transfer, or assignment thereof, from $500 to $663. The fee shall increase annually based on the U.S. Bureau of Labor Statistics Consumer Price Index inflation calculator, calculated as of July 1 for each year, unless otherwise directed by the California Public Utilities Commission (Commission). The new fee shall be posted on the Commission's website by July 15 of each year and shall be effective on August 1 of each year. This applies to all public utilities regulated by the Commission except for passenger stage corporations, whose filing fee for a CPCN is set at $500.

BACKGROUND

Public Utilities (Pub. Util.) Code Section 1904(a) states that the California Public Utilities Commission (Commission) shall charge and collect a fee "except as otherwise provided in Section 1036,[1] for filing each application for a [certificate of public convenience and necessity (CPCN)], or for the mortgage, lease, transfer, or assignment thereof…." Pub. Util. Code Section 1904(a) set the fee for a CPCN

[1] Pub. Util. Code Section 1306 sets the fee for filing an application for a CPCN for passenger stage corporations at $500.

at $500, effective January 1, 2016, and authorized the Commission to adjust the fee based on the Consumer Price Index (CPI).[2,3]

The U.S. Bureau of Labor Statistics (BLS) publishes several metrics related to the CPI, including a CPI inflation calculator.[4] Using the Consumer Price Index for All Urban Consumers (CPI-U) U.S. city average series for all items, not seasonally adjusted, the inflation calculator can calculate the dollar's equivalent buying power over time. While the calculator does not display the inflation rates it uses to make the calculation, its algorithm uses BLS's statistical data representing "changes in the prices of all goods and services purchased for consumption by urban households."[5]

The Commission has used the CPI-U in the past. In 2007, the Commission used the CPI-U to assess a 2.4 percent surcharge onto ratepayers, using the BLS's most recent 12-month ending change in the CPI-U.[6] The Commission similarly used the CPI-U in Decision (D.) 13-05-035 to determine that the buying power of $75 in the 1970s had the equivalent buying power of $432 in 2015, when considering fee increases for applications for CPCNs filed by telecommunications providers.[7] In D.13-05-035, the Commission also found that "the Commission may incur substantial expense in processing a CPCN, ranging upwards from $500 to several thousand dollars."[8]

DISCUSSION

Since January 1, 2016, subsequent to the enactment of Senate Bill 631, the Commission has not increased the fee for CPCN applications according to the

[2] Senate Bill (SB) 631 (Stats. 2015 Ch. 237 § 1).

[3] Prior to the fee amendment in 2015, the fee was amended from $50 to $75 in 1969.

[4] BLS, CPI Inflation Calculator at https://www.bls.gov/data/inflation_calculator.htm (Last visited July 25, 2024).

[5] *Ibid*.

[6] Resolution W-4654 accepting Rural Water Company's request for a rate increased based on the BLS CPI.

[7] The Commission determined that a fee increase from $75 to $500 was reasonable but would require statutory change to 1904(a) to implement. (D.13-05-035.)

[8] D.13-05-035 at 41.

CPI. However, the Commission's cost for processing these applications increased over time with increasing wages. Meanwhile, the complexity of processing these applications has not decreased, and the cost of processing these applications now generally ranges from several thousand dollars to tens of thousands of dollars. For this reason, the Commission finds it reasonable to increase the fee for filing an application for a CPCN, or for the mortgage, lease, transfer, or assignment thereof, for all public utilities with the exception of passenger stage corporations by adjusting the fee based on the CPI change between January 1, 2016 and June 2024.

For our purposes, the Commission also finds the BLS CPI-U inflation calculator a reasonable tool to adjust the CPI. Applying the BLS CPI-U inflation calculator, the increase in CPI from January 1, 2016 to June 30, 2024, is $163.05 above $500. Accordingly, the Commission sets the new application fee at $663.

The Commission will continue to adjust the application fee on an annual basis to account for changes to the CPI using the BLS CPI-U calculator. Updating the fee annually balances the need to increase the fee based on increasing costs while shielding applicants from the monthly and/or seasonal volatility of inflation. The fee will be updated on July 1 of each year, unless the Commission makes a finding stating otherwise. The new fee will be posted on the Commission's website by July 15 of each year and will be effective on August 1 of each year.

COMMENTS

The draft resolution was served on persons signed up for the mailing list to receive Notice of Amendments to the Commission's Rules of Practice and Procedure and made available for public review and comment in accordance with Pub. Util. Code Section 311(g)(1) and Rule 14.5. No comments or reply comments were served in response to the draft resolution.

FINDINGS

1. A CPCN application fee increase from $500 to $663 is reasonable given the complexity of resolving CPCN applications and increasing costs for processing the applications over time.

2. The BLS CPI-U calculator is a reasonable method of adjusting the CPCN application fee based on CPI.

3. The CPCN application fee should be adjusted annually based on the CPI using the BLS CPI calculator on July 1 of each year, unless the Commission directs otherwise.

4. The CPCN application fee should be posted on the Commission's website by July 15 of each year and should be effective on August 1 of each year.

THEREFORE, IT IS ORDERED that:

1. The CPCN application fee is increased from $500 to $663.

2. The CPCN application fee shall be adjusted annually on July 1 of each year using the United States Bureau of Labor Statistics Consumer Price Index calculator.

3. The CPCN application fee will be posted on the Commission's website by July 15 of each year and will be effective on August 1 of each year.

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 September 26, 2024, the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON
Rachel Peterson
Executive Director

ALICE REYNOLDS
President
DARCIE L. HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
MATTHEW BAKER
Commissioners