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CALIFORNIA LEGISLATURE—2025–26 REGULAR SESSION

ASSEMBLY BILL

No. 1167

Introduced by Assembly Members Berman and Addis

(Principal coauthor: Senator McNerney)

**(Coauthors: Assembly Members Irwin, Kalra, Rogers, Schiavo,
and Schultz)**

(Coauthors: Senators Allen and Stern)

February 21, 2025

An act to add Section 748.3 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1167, as amended, Berman. Electrical corporations and gas corporations: rate recovery: political activities and promotional advertising.

Existing law authorizes the Public Utilities Commission to fix the rates and charges for public utilities, including electrical corporations and gas corporations, and requires those rates and charges to be just

and reasonable. Under existing law, a regulated public utility is prohibited from using ratepayer funds for advocacy-related activities that are political or do not otherwise benefit ratepayers.

This bill would prohibit, except as provided, ~~an each~~ electrical corporation or gas corporation from recording ~~various expenses associated with political influence activities, as defined, or with promotional advertising, as defined,~~ to accounts that contain expenses that the electrical corporation or gas corporation recovers from ratepayers, *or otherwise recovering from ratepayers, various expenses, including those associated with political influence activities or promotional advertising,* as specified. The bill would require ~~each electrical corporations and corporation or gas corporations~~ corporation to clearly and conspicuously disclose in all of its public messages whether the costs of the public messages are paid for by the corporation's shareholders or ratepayers. The bill would require ~~an each~~ electrical corporation or gas corporation, on or before May 31, 2026, and annually thereafter, to ~~include;~~ *report,* as part of a specified statement to the commission, certain *related* information. The bill would require the commission to make the ~~report~~ *reports* publicly available, as provided.

This bill would require the commission to assess a civil penalty, based on the severity of the violation, against an electrical corporation or gas corporation that violates the prohibition described above, or that neglects to comply with any part or provision of any order, decision, decree, rule, direction, demand, or requirement of the commission related to implementing that prohibition, as provided.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the above provisions would be part of the act and a violation of a commission action implementing this bill's requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known, and may be cited, as the
2 California Ratepayer Protection Act of 2025.

3 SEC. 2. (a) The Legislature finds and declares that energy
4 bills for customers of California’s investor-owned utilities are
5 increasingly unaffordable, particularly for low-income customers.

6 (b) It is the intent of the Legislature to protect the customers of
7 California’s investor-owned utilities from funding those utilities’
8 political influence, promotional advertising, and other activities
9 that are primarily for the benefit of utility shareholders.

10 SEC. 3. Section 748.3 is added to the Public Utilities Code, to
11 read:

12 748.3. (a) For purposes of this section, all of the following
13 definitions apply:

14 (1) “Above-the-line account” means an account that contains
15 expenses that a utility recovers from ratepayers, including an
16 account that contains expenses that the utility used to calculate a
17 revenue requirement request in its general rate case.

18 (2) “Below-the-line account” means an account that contains
19 expenses that a utility does not generally recover from ratepayers.

20 (3) “Compensation” means salary, a bonus, benefits, or other
21 consideration of any value.

22 (4) “Covered business unit” means a division, department, or
23 other organizational employee group within a utility that performs
24 activities specified in subdivision (b).

25 (5) “Expense” means a payment to an external entity, a cost
26 incurred by a parent company or corporate affiliate and invoiced
27 to a utility, and compensation paid to an employee of a utility.

28 (6) (A) “Political influence activity” means either of the
29 following:

30 (i) An activity for the purpose of directly or indirectly
31 influencing any of the following:

32 (I) The adoption, repeal, or modification of federal, state,
33 regional, or local legislation, regulations, or ordinances.

34 (II) The election, recall, appointment, or removal of a public
35 official or the adoption of initiatives or referenda.

36 (III) The approval, modification, or revocation of franchises of
37 a utility.

1 (IV) Public opinion with respect to legislation, regulations,
2 ordinances, elections, referenda, or rate setting of a utility.

3 (V) Decisions of federal, state, regional, or local public officials.

4 (ii) Research, preparation, or any other activity undertaken for
5 the purpose of supporting any activities specified in clause (i).

6 (B) “Political influence activity” does not include any of the
7 following:

8 (i) An activity that is directly and necessarily related to
9 appearances before regulatory or other governmental bodies in
10 connection with the utility’s existing or proposed operations of
11 the utility’s regulated system. Policies affecting the use of gaseous
12 fuels or electricity are not directly and necessarily related to the
13 utility’s existing or proposed operations.

14 (ii) An activity that is directly related to a commission-approved
15 energy efficiency program or another commission-approved public
16 purpose program if the participation of the utility has not otherwise
17 been prohibited by the commission.

18 (iii) An activity that responds to a request by a legislative
19 committee, the commission, or a government agency for technical
20 information from the utility.

21 (iv) An activity required by applicable federal or state statute,
22 or by order of a regulatory authority, and undertaken for the
23 purpose of satisfying that statutory or regulatory requirement.

24 (7) (A) “Promotional advertising” means written, online, video,
25 or audio communications that primarily build the public image of
26 a utility and that is not required by the commission, including
27 communications about the undergrounding of electrical lines or
28 other actions that a utility may take in the future.

29 (B) “Promotional advertising” does not ~~include~~ *include, except*
30 *as specified in subparagraph (A)*, any of the following:

31 (i) Public messages that the utility is directed to publish by a
32 federal, state, or local agency.

33 (ii) Public messages ~~providing~~ *that provide* information on
34 safety measures, emergency conditions, *the conservation of energy*
35 *as described in subdivision (b) of Section 796, rates, utility*
36 *programs and services approved by the commission, or service*
37 ~~interruptions~~ *interruptions, and that do not primarily build the*
38 *public image of the utility.*

1 (iii) Public messages providing necessary information to
2 customers about specific actions the customers can take for their
3 safety.

4 (8) “Public official” means a decisionmaker within an
5 administrative agency or legislative body at the local, regional,
6 state, or federal level, or an executive officer at the local, regional,
7 state, or federal level.

8 (9) “Utility” means an electrical corporation or gas corporation.

9 (10) “Utility affiliate” means an entity that is related to the utility
10 as a subsidiary, parent, or sibling corporation, including by
11 shareholding or other means of control.

12 (11) “Vendor” means a person or business that provides goods
13 and services.

14 (b) Except as provided in subdivision (c), a utility shall not
15 record to an above-the-line ~~account~~ *account, or otherwise recover*
16 *from ratepayers*, direct or indirect costs of any of the following:

17 (1) Membership dues, sponsorships, or other contributions to
18 an industry trade association, group, or related entity incorporated
19 under Section 501 of the Internal Revenue Code of 1986, as
20 amended, if any portion of those contributions support political
21 influence activities or advertising. This paragraph does not apply
22 to fees for professional licenses necessary for employee job duties.

23 (2) Charitable giving, including contributions to an organization
24 that qualified under Section 501(c)(3) or 501(c)(4) of the Internal
25 Revenue Code of 1986, as amended.

26 (3) Political influence activities.

27 (4) Promotional advertising.

28 (5) Payments to outside attorneys *representing utilities in*
29 *commission proceedings* or experts ~~for work related to testifying~~
30 *on behalf of, or otherwise supporting the participation by, utilities*
31 *in commission proceedings* that exceed the hourly rates that would
32 be permitted for rate recovery under the commission’s intervenor
33 compensation program.

34 (6) Contributions to political candidates, political parties,
35 campaign committees, issue committees, or independent
36 expenditure committees, or other political expenses.

37 (7) A cost, including marketing, administration, or customer
38 service, for products or services not regulated by the commission.

39 (8) Penalties or fines, including tax penalties or fines, issued
40 against a utility.

1 (9) Board of directors and officers liability insurance, and travel,
 2 lodging, food, or beverage expenses for a utility’s board of directors
 3 and officers or the board of directors and officers of a utility
 4 affiliate.

5 (10) An owned, leased, or chartered aircraft for the utility’s
 6 board of directors and officers or the board of directors and officers
 7 of a utility affiliate.

8 (11) Investor relations.

9 (c) Subdivision (b) does not prohibit a utility from recording to
 10 an above-the-line account payments made pursuant to an agreement
 11 authorized by the National Labor Relations Act (29 U.S.C. Sec.
 12 151 et seq.) or payments authorized by the federal National Labor
 13 Management Cooperation Act of 1978 (Public Law 95-524), and
 14 does not restrict any use permitted by federal law of moneys paid
 15 pursuant to those federal acts.

16 (d) (1) A utility shall clearly and conspicuously disclose in all
 17 of its public messages whether the costs of the public messages
 18 are being paid for by the utility’s shareholders or ratepayers,
 19 consistent with rules and regulations related to candidate disclosure
 20 rules adopted pursuant to Article 5 (commencing with Section
 21 84501) of Chapter 4 of Title 9 of the Government Code.

22 (2) A disclosure is not clear and conspicuous if the disclosure
 23 is difficult to hear or read, or if the placement of the disclosure is
 24 easily overlooked.

25 (3) For public messages recorded to an above-the-line account,
 26 the utility shall identify, in response to a request from a party in
 27 the utility’s most recent general rate case, which expense or capital
 28 account is the source of the funding.

29 (e) (1) On or before May 31, 2026, and annually thereafter,
 30 each utility shall ~~include~~, *report*, as part of the statement required
 31 under General Order 77-M, all of the following information from
 32 the previous calendar year to ensure the utility’s compliance with
 33 this section:

34 (A) (i) A list of covered business units of the utility. ~~For~~ *Except*
 35 *as specified in clause (ii), for* each covered business unit, the report
 36 shall contain all of the following:

37 (i)

38 (I) A list of each employee’s name and job title.

39 (ii)

- 1 (II) A job description of each listed employee sufficient to
2 describe the employee’s responsibilities.
- 3 ~~(iii)~~
- 4 (III) The total annual compensation provided to each listed
5 employee.
- 6 ~~(iv)~~
- 7 (IV) The number of hours booked to an above-the-line account
8 for each listed employee.
- 9 ~~(v)~~
- 10 (V) The percent of total annual compensation booked to an
11 above-the-line account for each employee.
- 12 *(ii) This subparagraph does not apply to an employee*
13 *represented by a labor organization, covered under a valid*
14 *collective bargaining agreement, and performing activities*
15 *described in this chapter at the direction of the labor organization.*
- 16 (B) To the extent the utility retains outside vendors to perform
17 activities described in subdivision (b) and those vendors conduct
18 any other work where the costs of the work are recorded to
19 above-the-line accounts, the utility shall provide the Federal Energy
20 Regulatory Commission Uniform System of Accounts number
21 under which those costs are recorded and a log documenting the
22 time, work performed, total cost incurred, ~~and~~ how those costs
23 benefit ratepayers, and the reason those activities are not deemed
24 to be activities for which the recovery through rates of those costs
25 is prohibited pursuant to subdivision (b).
- 26 (C) A detailed accounting of expenses booked to an
27 above-the-line account for participation in each commission
28 proceeding for which the utility is a party, including employee
29 compensation, and vendor and other expenses.
- 30 (2) The commission shall make all reports filed pursuant to
31 paragraph (1) with the commission publicly available, consistent
32 with Section 583.
- 33 (f) The commission shall monitor and investigate compliance
34 and noncompliance with this section.
- 35 (g) Moving an expense to a below-the-line account after it was
36 booked to an above-the-line account does not protect that expense
37 from being disclosed to the commission or disclosed in response
38 to a discovery request or order in a general rate case or other
39 relevant commission proceeding.

1 (h) (1) In addition to any disallowance or future adjustment
2 ordered by the commission, the commission shall assess a civil
3 penalty, based on the severity of the violation, against a utility that
4 violates subdivision (b) or fails or neglects to comply with any
5 part or provision of any order, decision, decree, rule, direction,
6 demand, or requirement of the commission implementing
7 subdivision (b).

8 (2) This section does not limit the commission’s authority under
9 any other law to assess a penalty or sanction against a utility that
10 violates subdivision (b) or fails or neglects to comply with any
11 part or provision of any order, decision, decree, rule, direction,
12 demand, or requirement of the commission implementing
13 subdivision (b).

14 SEC. 4. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.