



April 23, 2025

Honorable Juan Carrillo  
State Capitol  
1021 O Street, Suite 5610  
Sacramento, CA 95814

**Re: AB 1347 (Carrillo) – Oppose**

Dear Assemblymember Carrillo:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We respectfully oppose AB 1347 because it would allow recovery of costs outside of the CPUC's General Rate Case proceeding, which is the primary budget-setting process for energy utilities. In doing so, AB 1347 risks increasing costs for utility customers without the comprehensive review afforded through the GRC proceeding. The expedited cost recovery envisioned by this bill would use the special ratemaking mechanism permitted under section 937(a) of the Public Utilities Code. Unlike the GRC process, this ratemaking mechanism does not require the utilities to demonstrate that their forecasted costs are reasonable before they can recover such costs from their customers. Instead, the bill would allow the utilities to recover costs first and then the costs would be subject to an "after the fact reasonableness review." Moreover, the mechanism would incentivize the utilities to increase their infrastructure build and prioritize near term profits. Similar approaches have pushed customers' bills to unaffordable levels.

The bill's proposal to prioritize certain zones as load growth priority areas risks disadvantaging some areas of the state by facilitating faster energization in priority areas at the expense of non-priority areas. While prioritization is important, the CPUC recently adopted new energization timelines in

September 2024 intended to ensure timelier energization. The bill may challenge overall compliance with those timelines by focusing available resources in specific zones.

Finally, it is unclear how the microgrids referred to in the bill would help address load growth within the state. A microgrid is a section of the distribution grid that can continue to operate while islanded from the main section of the grid. To achieve islanding it must be supported by local generation, as well as isolation devices that enable the islanding. Microgrids are often deployed for resiliency purposes, typically in remote areas or in areas where there is a high threat of fire. Over short periods if a local community is disconnected from the main grid the microgrid can preserve the electricity supply for the community. Microgrids would not normally be used to address load growth because running the lower-output local generation over longer periods would be cost-prohibitive.

AB 1347 will not effectively address load growth but would allow the utilities' to recover costs from their customers without a thorough demonstration that such recovery is justified, which is counter to the bill's intent to build infrastructure "with a minimum impact on ratepayers."

Sincerely,

A handwritten signature in blue ink that reads "Linda Serizawa". The signature is written in a cursive, flowing style.

Linda Serizawa  
Director