



DEPARTMENT OF
FINANCE
OFFICE OF THE DIRECTOR

GAVIN NEWSOM • GOVERNOR
STATE CAPITOL ■ ROOM 1145 ■ SACRAMENTO CA ■ 95814-4998 ■ WWW.DOF.CA.GOV

May 14, 2020

Honorable Holly Mitchell, Chair
Senate Budget and Fiscal Review Committee

Attention: Joe Stephenshaw, Staff Director (2)

Honorable Phil Ting, Chair
Assembly Budget Committee

Attention: Christian Griffith, Chief Consultant (2)

**Amendment to and Addition of Various Budget Bill Items, Support and Local Assistance,
California Public Utilities Commission**

On March 4, 2020, the Governor declared a state of emergency to help the state prepare and respond to COVID-19. The impact on the state has resulted in a severe drop in economic activity, with corresponding negative effects on anticipated revenues. As a result of these conditions, all budget change proposals were reevaluated within the context of a workload budget based on the merits of each proposal and ultimately subject to the availability of funding.

As a result, the Administration is withdrawing, without prejudice, specified requests that were included in the 2020-21 Governor's Budget. The Administration is also modifying specified requests in this area that were included in the 2020-21 Governor's Budget. Modifications could include either reductions or increases to specific items or programs, or delaying substantial implementation of a new program or activity. Withdrawn requests are included on **Attachment 1 (see row 1 through 7)**. Although these proposals have substantial merit and may be resubmitted for future consideration, we must pivot to prioritize immediate COVID-19 related needs.

As noted above, pursuant to Budget Letter 20-08, the Department of Finance conducted a thorough assessment of the most critical funding needs within the general framework of workload budget, as defined in Government Code Section 13308.05, and based upon revised expected revenues. This assessment not only resulted in the changes described in the preceding paragraph, but also requires a number of new adjustments and requests that are respectfully submitted and detailed below. Funding detail for these adjustments can be found in **Attachment 1 (see row 8 through 15)**, and any related Budget Bill language changes associated with these adjustments can be found in **Section 2 of Attachment 2**. If necessary, additional information may be included in a Budget Change Proposal or other back-up documentation submitted to the Legislature.

Finally, after conducting a review of all 2020-21 Governor's Budget Proposals, a number of requests are being sustained. Funding detail for these adjustments can be found on **Attachment 1 (see row 16 through 25)**.

New Requests for May Revision:

Utility Safety Enforcement, Regulation, and Wildfire Risk Reduction—It is requested that Item 8660-001-0462 be increased by \$2,006,000 and 11 positions to increase support for safety policy at the Commission and to address data submission requirements imposed on utilities as part of updated guidelines for 2020 Wildfire Mitigation Plans. These positions will help analyze the data received from utilities and increase oversight over utility wildfire mitigation activities. **(See row 8 of Attachment 1)**

Telecommunications Safety Audits—It is requested that Item 8660-001-0462 be increased by \$855,000 and 4 positions to audit telecommunications carriers for safety and reliability of their services during emergencies. These positions will hold telecommunications carriers accountable to the public and to their commitments to provide safe and reliable service. **(See row 9 of Attachment 1)**

CalSPEED Testing—It is requested that Item 8660-001-0462 be increased by \$2,813,000 and 3 positions to help the state bridge the digital divide by expanding the Commission's broadband mapping capabilities. Having greater knowledge about which areas in the state have access to broadband will better inform the state's broadband infrastructure grant program, improve public safety by providing broadband speed data at emergency response locations, and enhance the state's ability to compete for federal broadband funding. The positions will map and analyze the availability and speed of mobile service and broadband throughout the state. **(See row 10 of Attachment 1)**

Universal Lifeline Telephone Service Program (California Lifeline Program)—It is requested that Item 8660-001-0471 be increased by \$4,934,000 and Item 8660-101-0471 be increased by \$ 13,157,000 to reflect new caseload projections and additional costs from the transition to a new Third Party Administrator for the program. **(See row 11 of Attachment 1)**

General Fund Loans—It is requested that Items 8660-011-0470, 8660-011-0471, and 8660-011-3141 be added to authorize various loans to the General Fund. The funds providing these loans have sufficient balances such that any programmatic activities will not be impacted by the loan. **(See row 12 through 14 of Attachment 1)**

If you have any questions or need additional information regarding this matter, please contact the appropriate Principal Program Budget Analyst for that subject matter area.

KEELY MARTIN BOSLER
Director
By:

/s/ Vivek Viswanathan

VIVEK VISWANATHAN
Chief Deputy Director

Attachment

cc: Honorable Anthony Portantino, Chair, Senate Appropriations Committee
Attention: Mark McKenzie, Staff Director
Honorable Jim Nielsen, Vice Chair, Senate Budget and Fiscal Review Committee
Attention: Kirk Feely, Budget Fiscal Director
Honorable Lorena Gonzalez, Chair, Assembly Appropriations Committee
Attention: Jay Dickenson, Chief Consultant
Honorable Jay Obernolte, Vice Chair, Assembly Budget Committee
Attention: Cyndi Hillery, Budget Director
Honorable Bob Wieckowski, Chair, Senate Budget and Fiscal Review Subcommittee No. 2
Honorable Richard Bloom, Chair, Assembly Budget Subcommittee No. 3
Gabriel Petek, Legislative Analyst (4)
Christopher W. Woods, Senate President pro Tempore's Office (2)
Jason Sisney, Assembly Speaker's Office (2)
Jayme Chick, Deputy Chief of Staff, Policy, Assembly Republican Leader's Office
Alex Khan, Chief Consultant, Assembly Republican Leader's Office
Alice Stebbins, Executive Director, California Public Utilities Commission
Bernard Azevedo, Director of Administrative Services, California Public Utilities Commission
Hazel Miranda, Director, Office of Governmental Affairs, California Public Utilities Commission
Kelley Moss, Manager, Budget and Fiscal Services Office, California Public Utilities
Commission

GB WITHDRAWN ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
1	8660	Public Utilities Commission	Transportation Enforcement and Licensing	--	-2,362,000	-14.0	--	--	FB	JH	BB
2	8660	Public Utilities Commission	IT Services Division Security	--	-1,492,000	-9.0	--	--	FB	JH	BB
3	8660	Public Utilities Commission	Cyber and Physical Security	--	-405,000	-2.0	--	--	FB	JH	BB
4	8660	Public Utilities Commission	Energy Division Management and Support	--	-1,842,000	-9.0	--	--	FB	JH	BB
5	8660	Public Utilities Commission	Administrative Law Judge Division Management and Proceeding Support	--	-1,146,000	-8.0	--	--	FB	JH	BB
6	8660	Public Utilities Commission	Data Analytics	--	-2,034,000	-9.0	--	--	FB	JH	BB
7	8660	Public Utilities Commission	Wildfire Forecast and Threat Intelligence Integration Center (SB 209)	--	-191,000	-1.0	--	--	FB	JH	BB
Totals, GB Withdrawn Issues				0	-9,472,000	-52.0					

NEW MR BCP ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
8	8660	Public Utilities Commission	Utility Safety Enforcement, Regulation, and Wildfire Risk Reduction	--	2,006,000	11.0	--	--	FB	JH	BB
9	8660	Public Utilities Commission	Telecommunications Safety Audits	--	855,000	4.0	--	--	FB	JH	BB
10	8660	Public Utilities Commission	CalSPEED Testing	--	2,813,000	3.0	--	--	FB	JH	BB
11	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	18,091,000	--	--	--	FB	JH	BB
12	8660	Public Utilities Commission	Loan from High Cost Fund B to General Fund	60,000,000	-60,000,000	--	--	--	FB	JH	BB
13	8660	Public Utilities Commission	Loan from Universal Lifeline Service Trust Fund to General Fund	300,000,000	-300,000,000	--	--	--	FB	JH	BB
14	8660	Public Utilities Commission	Loan from California Advanced Services Fund to General Fund	60,000,000	-60,000,000	--	--	--	FB	JH	BB
15	8660	Public Utilities Commission	CY and BY Expenditure Alignment for High Cost Fund A (Baseline Budget Adjustment)	--	-5,000,000	--	--	--	FB	JH	BB
Totals, New MR BCPs				420,000,000	-401,235,000	18.0					

GB SUSTAIN ISSUES

Row	BU	Department	BR Title	General Fund BY	Other Funds BY	Positions BY	BBL	TBL	Assembly Consultant	Senate Consultant	LAO Consultant
16	8660	Public Utilities Commission	Public Advocate's Office - Wildfire Prevention & Recovery Legislative Package Funding (SB 901)	--	2,635,000	14.0	--	--	FB	JH	BB
17	8660	Public Utilities Commission	Communications Restoral	--	398,000	2.0	--	--	FB	JH	BB
18	8660	Public Utilities Commission	Lifeline	--	4,934,000	5.0	--	--	FB	JH	BB
19	8660	Public Utilities Commission	IT Services Division Support	--	2,261,000	14.0	--	--	FB	JH	BB
20	8660	Public Utilities Commission	Utility Wildfire Safety and Process Reform (AB 1054)	--	27,602,000	93.0	--	--	FB	JH	BB
21	8660	Public Utilities Commission	Energy: Posting Rates and Programs (AB 1362)	--	1,021,000	3.0	--	--	FB	JH	BB
22	8660	Public Utilities Commission	Utilities Supplier Diversity Program (SB 255)	--	396,000	1.0	--	--	FB	JH	BB
23	8660	Public Utilities Commission	Provider of Last Resort (SB 520)	--	770,000	4.0	--	--	FB	JH	BB
24	8660	Public Utilities Commission	Decommissioning of Aliso Canyon	--	1,400,000	--	--	--	FB	JH	BB
25	8660	Public Utilities Commission	CA Lifeline: State Operations and Local Assistance Estimate	--	-73,297,000	--	--	--	FB	JH	BB
Totals, GB Sustain Issues				0	-31,880,000	136.0					

Section 1

Provisional and statutory changes for withdrawn and modified Governor's Budget proposals:

1. *Public Utilities Commission*: Withdrawal of specified Governor's Budget requests **(see Row 1 through 7 of Attachment 1)**. To effectuate the withdrawal of these proposals, the following Budget Bill language changes are necessary:

Item 8660-001-0042 be decreased by \$63,000

Item 8660-001-0046 be decreased by \$61,000

Item 8660-001-0461 be decreased by:

6690046-Transportation Licensing and Enforcement: \$2,785,000

6690055-Freight Safety: \$72,000

Item 8660-001-0462 be decreased by:

6680055-Energy: \$4,233,000

6680064-Water/Sewer: \$216,000

6680073-Communications: \$1,700,000

9900100-Administration: \$2,638,000

Item 8660-001-0462 be increased by:

9900200-Distributed Administration: \$2,638,000

Item 8660-001-0464 be decreased by \$8,000

Item 8660-001-0470 be decreased by \$3,000

Item 8660-001-0471 be decreased by \$17,000

Item 8660-001-0483 be decreased by \$24,000

Item 8660-001-0493 be decreased by \$16,000

Item 8660-001-3089 be decreased by:

6695-Public Advocate's Office: -\$260,000

Item 8660-001-3141 be decreased by \$14,000

Section 2

Provisional and statutory changes for new May Revision Budget Change Proposals:

1. *Public Utilities Commission: General Fund Loans (see Row 12 through 14 of Attachment 1)*. Add the following items :

8660-011-0470—For transfer by the Controller from the California High-Cost Fund-B Administrative Committee Fund, to the General Fund..... (60,000,000)

Provisions:

1. The Department of Finance may transfer up \$60,000,000 as a loan to the General Fund. The Department of Finance shall order the repayment of all or a portion of the loan if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.

8660-011-0471—For transfer by the Controller from the Universal Lifeline Telephone Service Trust Administrative Committee Fund, to the General Fund.....(300,000,000)

Provisions:

1. The Department of Finance may transfer up \$300,000,000 as a loan to the General Fund. The Department of Finance shall order the repayment of all or a portion of the loan if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.

8660-011-3141—For transfer by the Controller from the California Advanced Services Fund, to the General Fund.....(60,000,000)

Provisions:

1. The Department of Finance may transfer up \$60,000,000 as a loan to the General Fund. The Department of Finance shall order the repayment of all or a portion of the loan if it determines that either of the following circumstances exists: (a) the fund or account from which the loan was made has a need for

the moneys, or (b) there is no longer a need for the moneys in the fund or account that received the loan. This loan shall be repaid with interest calculated at the rate earned by the Pooled Money Investment Account at the time of transfer.