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**AB-705 Public Utilities Commission: Independent Office of Audits and Investigations.** (2025-2026)

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AMENDED IN ASSEMBLY MARCH 17, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

**ASSEMBLY BILL**

**NO. 705**

Introduced by Assembly Member Boerner

February 14, 2025

An act to amend ~~Sections 1701 and 1701.5 of~~ [Section 307.6](#) of the Public Utilities Code, relating to the Public Utilities Commission.

**LEGISLATIVE COUNSEL'S DIGEST**

AB 705, as amended, Boerner. Public Utilities ~~Commission.~~ [Commission: Independent Office of Audits and Investigations.](#)

*Existing law requires the Public Utilities Commission to appoint a chief internal auditor to hold office at the pleasure of the commission. Existing law requires the chief internal auditor to be responsible for the oversight of the internal audit unit and to plan, initiate, and perform audits of key financial, management, operational, and information technology functions within the commission to improve accountability and transparency to executive and state management.*

*This bill would delete the provision providing for the appointment of the chief internal auditor and instead provide that, effective January 1, 2026, the internal audit unit of the commission and its staff are transferred to the Independent Office of Audits and Investigations, which the bill would establish within the commission, as specified. The bill would provide for the appointment and removal of the director of the office, who would have the title of Inspector General. The bill would require that the office have access and authority to examine all records, files, documents, accounts, reports, correspondence, or other property of the commission, public utilities, and other entities regulated by the commission, as specified. The bill would require the Inspector General to report to the Governor and the Legislature, 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 provisions of this bill would be a part of the act and because a violation of a commission action implementing the 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.*

~~The California Constitution vests the Public Utilities Commission with regulatory authority over public utilities and authorizes the commission to establish its own procedures, subject to statutory limitations or directions and constitutional requirements of due process. Existing law requires that the commission's hearings, investigations, and proceedings be governed, in part, by the commission's rules of practice and procedure, as specified.~~

~~This bill would make nonsubstantive changes to that requirement and state the intent of the Legislature to adopt further revisions to those provisions.~~

~~Existing law requires the commission to determine whether each proceeding is a quasi-legislative, an adjudication, a ratesetting, or a catastrophic wildfire proceeding. Existing law requires the commission to resolve the issues raised in a ratesetting or quasi-legislative case scoping memo within 18 months of the date on which the scoping memo is issued, except in two specified circumstances. One of those exceptions is satisfied if the commission makes a written determination that the deadline cannot be met, including findings as to the reason, and issues an order extending the deadline.~~

~~This bill would eliminate that exception to the requirement that the commission resolve the issues raised in the scoping memo within 18 months.~~

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: ~~no~~yes

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## THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

### **SECTION 1.** *Section 307.6 of the Public Utilities Code is amended to read:*

~~307.6.(a)The commission shall appoint a chief internal auditor, who shall hold office at the pleasure of the commission.~~

**307.6.** (a) *As of January 1, 2026, the internal audit unit of the commission and its staff shall be transferred to the Independent Office of Audits and Investigations, which is hereby established within the commission to ensure all of the following:*

*(1) The commission is administering ratepayer funds efficiently, effectively, economically, and in compliance with applicable state and federal requirements.*

*(2) The commission's programs are functioning consistent with applicable accounting standards and practices and are administered effectively, efficiently, and economically.*

*(3) The commission is accomplishing mandated requirements, developing an annual audit plan, administering an effective enterprise risk management program, and is making efficient, effective, and financially responsible decisions.*

*(4) The President of the Commission, the Legislature, and the Governor are fully informed concerning fraud, improper activities, and other serious abuses or deficiencies relating to the expenditure of ratepayer funds or the administration of commission programs and operations.*

(b) ~~The~~*chief internal auditor office* shall be responsible for the oversight of the internal audit unit and shall plan, initiate, and perform audits of key financial, management, operational, and information technology functions within the commission to improve accountability and transparency to executive and state management.

~~(c)The chief internal auditor shall report his or her findings and recommendations directly to an audit subcommittee of the commission.~~

~~(d)The chief internal auditor shall comply with Part 3.5 (commencing with Section 13885) of Division 3 of Title 2 of the Government Code.~~

*(c) The director of the office shall have the title of Inspector General and shall be appointed by the Governor, subject to Senate confirmation. The Inspector General shall serve a six-year term and shall not be removed from office during that term, except for good cause. Any basis for removal of the Inspector General shall be stated in writing and shall be sent to the Secretary of the Senate and the Chief Clerk of the Assembly at the time of the removal and shall be deemed to be a public document.*

*(d) The Inspector General shall be vested with the full authority to exercise all responsibility for maintaining a full-scope, independent, and objective audit and investigation program.*

*(e) The office shall have the access and authority to examine all records, files, documents, accounts, reports, correspondence, or other property of the commission, public utilities, and other entities regulated by the commission. The office may enter any public office or institution in this state, during regular business hours, and access, examine, and reproduce all records, files, documents, accounts, reports, vouchers, correspondence files, and all other records for any audit or investigation. An officer or employee of an agency or entity that has records or property in their possession or under their control, or otherwise has access to records,*

shall permit access to, and examination and reproduction thereof, upon the request of the Inspector General or the Inspector General's authorized representative.

(f) In order to achieve independence and objectivity pursuant to this section, the Inspector General shall do both of the following:

(1) The Inspector General shall report all audit and confidential investigation findings and recommendations made under the Inspector General's jurisdiction to the Governor and Legislature on an ongoing and current basis.

(2) The Inspector General shall report at least annually, or upon request, to the Governor and the Legislature with a summary of the Inspector General's investigation and audit findings and recommendations. The summary shall be posted on the office's internet website and shall otherwise be made available to the public upon its release to the Governor, the commission, and the Legislature. The summary shall include, but not be limited to, significant problems discovered by the Inspector General and whether the Inspector General's recommendations relative to audits and investigations have been implemented by the affected units and programs of the commission or affected external entities.

(3) A report submitted pursuant to this subdivision shall be in compliance with Section 9795 of the Government Code.

**SEC. 2.** No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

~~SECTION 1. Section 1701 of the Public Utilities Code is amended to read:~~

~~1701. (a) All hearings, investigations, and proceedings shall be governed by this part and by the rules of practice and procedure adopted by the commission, and in the conduct thereof the technical rules of evidence need not be applied. An informality in a hearing, investigation, or proceeding or in the manner of taking testimony shall not invalidate an order, decision, or rule made, approved, or confirmed by the commission.~~

~~(b) Notwithstanding Section 11425.10 of the Government Code, Articles 1 to 15, inclusive, of Chapter 4.5 (commencing with Section 11400) of Part 1 of Division 3 of Title 2 of the Government Code do not apply to a hearing by the commission under this code. The Administrative Adjudication Code of Ethics (Article 16 (commencing with Section 11475) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the Government Code) shall apply to administrative law judges of the commission.~~

~~(c) It is the intent of the Legislature to adopt further revisions to this section.~~

~~SEC. 2. Section 1701.5 of the Public Utilities Code is amended to read:~~

~~1701.5. (a) Except as specified in subdivision (b), in a ratesetting or quasi-legislative case, the commission shall resolve the issues raised in the scoping memo within 18 months of the date the proceeding is initiated.~~

~~(b) Notwithstanding subdivision (a), the commission may specify in a scoping memo a resolution date later than 18 months from the date the proceeding is initiated, if that scoping memo includes specific reasons for the necessity of a later date and the commissioner assigned to the case approves the date.~~