

GIBSON DUNN



Appellate & Constitutional Law Update

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California Supreme Court Rejects “Uniquely Deferential” Standard For Review Of Decisions Of The Public Utilities Commission

Center for Biological Diversity, Inc. v. Public Utilities Com., S283614 –
Decided August 7, 2025

The California Supreme Court today unanimously held that when courts review decisions of the Public Utilities Commission, they act as “the final arbiters of statutory meaning” and need not defer to Commission interpretations.

“An agency’s interpretation is one among several tools available to the court, but the court cannot abdicate a quintessential judicial duty—applying its independent judgment de novo to the merits of the legal issue before it.”

JUSTICE KRUGER, WRITING FOR THE COURT

Background:

For decades, when courts reviewed decisions of California's Public Utilities Commission, they applied a "uniquely deferential" standard under which the Commission's "interpretation of the Public Utilities Code should not be disturbed unless it fails to bear a reasonable relation to statutory purposes and language." (*Greyhound Lines, Inc. v. Public Utilities Com.* (1968) 68 Cal.2d 406, 410-411.) But beginning in the mid-1990s, the Legislature enacted a series of laws expanding the scope of scope of judicial review and making clear that courts can review Commission decisions for "abuse of discretion" and can vacate decisions where the Commission did not "proceed[] in the manner required by law." (Pub. Utilities Code, § 1757.1, subds. (a)(1)-(2).)

Following those amendments, lower courts in California were split over how to review Commission decisions. Some continued to apply the deferential standard of *Greyhound Lines*. But others applied the typical standard that governs review of an agency's statutory interpretation, under which courts must "independently judge the text of the statute." (*Yamaha Corp. of America v. State Bd. of Equalization* (1989) 19 Cal.4th 1, 7-8.) The California Supreme Court granted review to resolve that conflict.

Issue Presented:

What standard of review applies to judicial review of a Public Utilities Commission decision interpreting provisions of the Public Utilities Code?

Court's Holding:

Courts reviewing decisions of the Public Utilities Commission must apply the normal standard for review of agency action and must independently interpret the Public Utilities Code rather than substantially deferring to the Commission's interpretation.

What It Means:

- The Court's decision puts an end to decades of deference to the Commission's interpretation of the Public Utilities Code, allowing courts to reach independent conclusions about how best to interpret the Code.
- The decision will make it easier for litigants to challenge decisions of the Commission. Challengers will no longer have to show that the Commission's interpretation of the Code is patently unreasonable; they will have to show only that their interpretation is better.
- The Court made clear that some degree of deference to the Commission may remain appropriate. An agency's interpretation, for instance, remains "one among several tools available to the court" in construing the Code, and that interpretation may warrant "great weight" in "appropriate circumstances." And when a dispute turns on the reasonableness of the agency's exercise of lawmaking authority rather than on a question of statutory interpretation, it "may be appropriate to defer to an agency's reasonable exercise of . . . such authority."

Gibson Dunn Appellate Honors



The Court's opinion is available [here](#).

Gibson Dunn's lawyers are available to assist in addressing any questions you may have regarding developments at the California Supreme Court. Please feel free to contact the following practice group leaders:

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