CONCURRENCE IN SENATE AMENDMENTS
AB 2463 (Petrie-Norris)
As Amended August 13, 2026
Majority vote

SUMMARY

This bill requires the California Public Utilities Commission (CPUC) to include its own assessment of proposals submitted by parties during proceedings in which the CPUC considers and determines the authorized return on equity for an electrical or gas corporation, starting with any decision issued on or after December 31, 2030.

Senate Amendments

1) Clarify the definition of "cost of capital proceeding" to be a proceeding in which the commission considers and determines the authorized return on equity for an electrical or gas corporation.

2) Clarify that the CPUC should include its own assessment of the proposal submitted by parties during the cost of capital proceeding.

3) Delay the start of the assessment requirements from January 1, 2028 to December 31, 2030.

4) Remove the requirement for the CPUC to initiate a rulemaking proceeding to updates its determinations for the cost of capital to conform with the bill.

COMMENTS

This bill seeks to increase transparency and accountability in the CPUC′s process for setting the authorized return on equity (ROE) for IOUs. The bill would require the CPUC to undertake and document its own independent analytical basis for any ROE determination, with enough detail to allow an independent expert to reproduce the result. It would also require the CPUC to explain any material departures from the methodology used in prior proceedings for the same utility.

D.25-12-043 (Dec. 18, 2025) is the CPUC′s most recent Cost of Capital decision, establishing the 2026-2028 authorized ROE and capital structure for Pacific Gas and Electric (PG&E), Southern California Edison (SCE), San Diego Gas and Electric (SDG&E), and Southern California Gas Company (SoCalGas). The decision reduced authorized ROEs by 30 basis points from 2025 levels, resulting in authorized ROEs of just under 10 % for PG&E, SoCalGas, and SDG&E, and slightly above 10 % for SCE. This decision is illustrative of the transparency gap this bill seeks to address: multiple intervenors, including the Sierra Club and the Protect Our Communities Foundation, publicly criticized the CPUC for failing to explain its analytical rationale or engage with the financial modeling evidence presented by intervenors, with the Sierra Club stating that ″the Commission declined to engage or explain how it determines the final rates of return.″ Further, the CPUC′s own decision acknowledged it would not ″litigate the specific mechanics″ of the financial models submitted by the parties. While existing law requires that rates be just and reasonable and authorizes the CPUC to fix those rates after a hearing, current law does not require the CPUC to disclose the specific analytical methodology, financial models, model weighting, or mathematical derivation underlying its determination of the authorized ROE.

According to the Author
According to the author, "As California undertakes historic investments to modernize its electric grid, the decisions that set utility shareholder returns will have an increasingly significant impact on customer bills. AB 2463 ensures that the CPUC's determinations of the authorized return on equity are transparent, analytically grounded, and subject to meaningful public scrutiny – so that ratepayers and policymakers can have confidence that these consequential financial decisions are evidence-based and fair."

Arguments in Support
The Environmental Defense Fund (EDF) writes that, "Transparency is the first step to aligning a more stable investment platform for the clean energy transition. AB 2463 lays the groundwork for a more stable foundation suited to financing the long-term infrastructure needs of California's energy future."

Arguments in Opposition
None on file

FISCAL COMMENTS

According to the Senate Appropriations Committee, the fiscal impacts of this bill are unknown but will likely result in significant ongoing costs for the CPUC to implement this bill.

VOTES:

ASM UTILITIES AND ENERGY: 17-0-1
YES: Petrie-Norris, Patterson, Boerner, Calderon, Davies, Mark González, Harabedian, Hart, Irwin, Kalra, Papan, Rogers, Schiavo, Schultz, Ta, Wallis, Zbur
ABS, ABST OR NV: Chen

ASM APPROPRIATIONS: 15-0-0
YES: Wicks, Hoover, Aguiar-Curry, Calderon, Caloza, Dixon, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache, Ta, Tangipa

ASSEMBLY FLOOR: 78-0-2
YES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Bryan, Calderon, Caloza, Carrillo, Castillo, Chen, Connolly, Davies, DeMaio, Dixon, Elhawary, Ellis, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Johnson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Nguyen, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Michelle Rodriguez, Rogers, Blanca Rubio, Sanchez, Schiavo, Schultz, Sharp-Collins, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wicks, Wilson, Zbur, Rivas
ABS, ABST OR NV: Muratsuchi, Celeste Rodriguez

UPDATED

VERSION: August 13, 2026

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