Date of Hearing: August 5, 2026

ASSEMBLY COMMITTEE ON APPROPRIATIONS
Buffy Wicks, Chair
SB 1233 (Allen) – As Amended June 15, 2026

Policy Committee: Utilities and Energy Vote: 11 - 3

Urgency: No State Mandated Local Program: Yes Reimbursable: No

SUMMARY:

This bill requires (a) an electrical corporation or gas corporation (investor-owned utility (IOU)), whenever it proposes to change a rate, or to alter a classification, contract, practice or rule that would result in a new rate, to include specified financial information in its proposal and (b) the California Public Utilities Commission (CPUC) to include specified revenue and spending information in the CPUC's annual report, required by existing law, on IOU expenditures.

More specifically, relative to an IOU proposal to change a rate, this bill requires the IOU to include in its proposal (a) information showing the amount of internally generated cash available to self-fund investment needed to provide safe and reliable public utility services, including deferred taxes, depreciation, and amortization, and the extent of the need to acquire external investment and (b) information showing the relationship between capital structure and return on equity that minimizes the overall revenue requirement, including taxes. The bill directs the CPUC, in approving such a rate change proposal, to consider, and make specific findings related to, wildfire risk reduction efforts taken by the IOU.

Relative to the CPUC's annual report on IOU expenditures, this bill requires the report to also include, for each IOU, all of the following comparisons for each of the previous five years presented by each functional category of operations, across all operations of the corporation, as determined by the commission:

1) Authorized annual revenue requirements for all expenses subject to forecast ratemaking and not tracked in balancing accounts or memorandum accounts.

2) Recorded spending for all expenses subject to forecast ratemaking and not tracked in balancing accounts or memorandum accounts.

3) Authorized and recorded expense spending tracked in balancing accounts or memorandum accounts.

4) Authorized annual revenue requirements for all capital spending not tracked in balancing accounts or memorandum accounts.

5) Recorded spending for all capital spending subject to forecast ratemaking and not tracked in balancing accounts or memorandum accounts.

6) Authorized and recorded capital spending tracked in balancing accounts or memorandum accounts.

The bill additionally requires the CPUC make all source data used to produce the report available to the public in an electronic format on the CPUC's internet website.

FISCAL EFFECT:

This bill requires new significant ongoing analytical and administrative workload for the CPUC to make specific considerations about IOU rate change approvals, to include specified information in its annual report on IOU expenditures and to make certain source data available on the CPUC website.

The CPUC estimates ongoing annual costs of approximately $1.7 million (Public Utilities Commission Utilities Reimbursement Account) for seven positions—four regulatory analysts ($215,500 annually each) two attorneys ($267,000 annually each), one administrative law judge ($264,000 annually)—and ongoing training costs.

COMMENTS:

State law charges the CPUC with regulating the rates the state's privately owned utilities, including IOUs, charge their customers for service. The CPUC may authorize rates only if they are "just and reasonable," which means, generally, that they allow the utility charging those rates to recover their costs of providing service, along with a reasonable profit. The primary venue through which the CPUC fulfills its obligation is the general rate case (GRC), a multiparty contentious proceeding in which the CPUC considers and IOU's project of costs over a multi-year period (typically four years).

The author expresses concern over the high cost of electric utility bills and contends one driver of this cost is excessive compensation. The author intends this bill to require utility requests to recover costs, and the justification for those requests, to be more transparent. According to the author:

> Over-inflated authorized return on equity may be costing ratepayers across the country billions per year, compounded by the added costs of interest, taxes, and capital expenditure biases. To best protect ratepayers from these unnecessary costs, California needs to be taking a more holistic and comprehensive look at utility performance and behavior and ensure we have all the financial information necessary to make accurate determinations about the appropriate return on equity

This bill attempts to make more transparent the CPUC's process of considering an IOU's projection of costs, as well as the facts behind those projections and the CPUC's decisions.

The lone supporter of the bill is Consumer Watchdog, which describes the bill as "a modest step forward in empowering the Commission with all the information it needs to set an appropriate level of profit on the utilities' investments." The bill is opposed by the IOUs and by the California Chamber of Commerce, the latter of which suggest it would be more effective to address the "real" drivers of rate increases and that "removing policy-driven costs from rates will do far more to improve affordability than restricting financing options."

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