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**AB-2666 Public utilities: rate of return.** (2023-2024)

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**Assembly Bill No. 2666**

**CHAPTER 413**

An act to add Section 451.8 to the Public Utilities Code, relating to public utilities.

[ Approved by Governor September 22, 2024. Filed with Secretary of State September 22, 2024. ]

**LEGISLATIVE COUNSEL'S DIGEST**

AB 2666, Boerner. Public utilities: rate of return.

Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, including electrical and gas corporations, and requires those rates and charges to be just and reasonable.

This bill would require the commission, following the approval of each general rate case, to review which costs, if any, differed from the general rate case forecasts for each electrical corporation or gas corporation, and to adjust the authorized revenue requirement in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records. The bill would require the commission to establish guidelines for electrical corporations and gas corporations to calculate and report annually their actual rates of return to the commission. The bill would require the commission to adopt processes to adequately track those corporations' actual rates of return relative to their forecasted rates of return and to require those corporations to identify the cost categories where projected costs differed from actual costs.

Under existing law, a violation of the Public Utilities Act or a violation of 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 its 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.

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

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

**SECTION 1.** Section 451.8 is added to the Public Utilities Code, to read:

**451.8.** (a) Following the approval of each general rate case, the commission shall review which costs, if any, differed from the general rate case forecasts for each electrical corporation or gas corporation. The commission shall adjust the authorized revenue requirement in the subsequent general rate case, as appropriate, based on the actual past costs the corporation records.

(b) (1) The commission shall establish guidelines for electrical corporations and gas corporations to calculate and report their actual rates of return to the commission.

(2) The commission shall require electrical corporations and gas corporations to report their actual rates of return to the commission annually.

(3) The commission shall adopt processes to adequately track an electrical corporation's or gas corporation's actual rate of return relative to its forecasted rate of return and shall require the corporation to identify the cost categories where projected costs differed from actual costs.

(c) This section does not restrict, limit, or otherwise affect the commission's obligation to ensure that rates are sufficient to enable an electrical corporation or gas corporation to recover a just and reasonable amount of revenue, pursuant to Section 451, including a reasonable return.

**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.