



456 West Olive Avenue
Sunnyvale, CA 94088-3707

408-730-7473
Sunnyvale.ca.gov

May 11, 2026

The Honorable Cottie Petrie-Norris
California State Assembly
1021 O Street, Suite 8120
Sacramento, CA 95814

RE: Assembly Bill 2463 (Petrie-Norris): Ratemaking Accountability – SUPPORT

Dear Assemblymember Petrie-Norris:

On behalf of the City of Sunnyvale, we want to express our support of AB 2463, your measure to improve transparency and accountability in the California Public Utilities Commission's (CPUC) determination of authorized returns on equity for investor-owned utilities.

Larry Klein
Mayor

Richard Mehlinger
Vice Mayor

Alysa Cisneros
Councilmember

Murali Srinivasan
Councilmember

Linda Sell
Councilmember

Charlsie Chang
Councilmember

Eileen Le
Councilmember

In November, the California Public Utilities Commission [voted](#) to drop the return on equity for Pacific Gas & Electric, Southern California Edison, Southern California Gas Company and San Diego Gas & Electric by 0.3 percentage points each. PG&E's ROE is now 9.98%, down from 10.28%, San Diego Gas & Electric's is now 9.93%, down from 10.23%, Southern California Gas is down to 9.78% from 10.08%, and Southern California Edison's is now 10.03%, down from 10.33%. Even with these slight reductions, California's rates are still the second highest in the nation, following only Hawaii.

But while we know these costs are high, in our warming climate, utility rates have to be balanced with the risks, namely the wildfire risk, utilities are now facing. Wildfire costs now constitute nearly 30% of PG&E's revenue requirements. In fact, \$40 billion in wildfire-related expenditures have been added to the rate base of the three largest utilities since 2019. And while the CPUC reduced utilities' ROIs this year, it has also separately authorized significant rate base increases, totaling some \$840 million. In fact, average electricity rates at PG&E, SCE and SDG&E grew by 48% to 67% between 2019 and 2023, according to [a January report](#) from the California Legislature's Legislative Analyst's Office.



Sunnyvale has seen firsthand how utility risk and rate decisions directly affect residents, businesses, and local government operations. While California's investor-owned utilities play an essential role in delivering safe and reliable energy services, the processes that determine their allowed rates of return must be transparent, evidence-based, and understandable to the public they ultimately serve.

The City of Sunnyvale's support for AB 2463 is grounded in adopted City Council Policy 7.4.14, including General Plan and fiscal stewardship policies that promote transparency, accountability, and data-driven decision-making in the use of public and ratepayer resources. The City's Climate Action Playbook and sustainability policies further emphasize the importance of ensuring that investments in energy infrastructure are cost-effective, equitable, and aligned with long-term community needs. These policies support clear, evidence-based regulatory processes that protect ratepayers while enabling necessary investments in reliability, safety, and clean energy. AB 2463 is consistent with these objectives by improving transparency in utility ratemaking and helping ensure that decisions affecting costs to residents and businesses are understandable, justified, and accountable.

AB 2463 strengthens public trust in this critical regulatory function by requiring the CPUC to clearly document the financial models, inputs, assumptions, and calculations used in establishing authorized returns on equity. By ensuring that these decisions can be independently reviewed and verified, the bill enhances accountability without limiting the Commission's discretion to select appropriate methodologies. Moreover, AB 2463 will also ensure that load growth is taken into account in face of the state's continued push for electrification coupled with the addition of large scale users that the Bay Area is currently seeing.

This level of transparency is especially important as California undertakes historic investments in grid modernization, wildfire mitigation, and clean energy infrastructure. Even small changes in authorized returns can significantly impact ratepayer costs over time. Ensuring that such decisions are clearly explained and grounded in reproducible analysis will help safeguard affordability while supporting necessary infrastructure investment.

The City of Sunnyvale believes AB 2463 strikes an appropriate balance between regulatory flexibility and public accountability. It will help ensure that utility ratemaking



decisions remain fair, consistent, and aligned with the principles of just and reasonable rates.

For these reasons, the City of Sunnyvale is proud to support AB 2463. We appreciate your leadership on this important issue and your continued commitment to transparency in utility regulation. Please do not hesitate to contact me or Mansour Nasser, Interim Director of Environmental Services at mnasser@sunnyvale.ca.gov if you have any questions.

Sincerely,

A handwritten signature in blue ink that reads "Larry Klein".

Larry Klein
Mayor

cc: Senator Dr. Aisha Wahab
Assembly Member Patrick Ahrens
City Council
Tim Kirby, City Manager
Sarah Johnson-Rios, Assistant City Manager
Mansour Nasser, Interim Director of Environmental Services