

Date of Hearing: April 8, 2026

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Cottie Petrie-Norris, Chair

AB 2700 (Gallagher) – As Amended March 23, 2026

**SUBJECT:** Electricity: rate reduction: report

**SUMMARY:** Mandates the California Public Utilities Commission (CPUC) to generate a report to outline recommendations to reduce the cost of electricity by no less than 30% by January 1, 2028, and to make recommendations to address restitution shortfalls for victims of wildfires caused by electrical corporations occurring before July 12, 2019.

Specifically, **this bill:**

- 1) Mandates the CPUC to generate a report to assess ways to decrease the cost of kilowatt-per-hour rates for electricity by 30%.
- 2) Requires the CPUC to do all of the following in making its rate reduction recommendations:
  - a. Review each public purpose program that is not cost-effective and evaluate each public purpose program that the CPUC has not yet evaluated for cost-effectiveness.
  - b. Consider adopting the suggestions made by the CPUC in its CPUC Response to Executive Order No. N-5-24 (February 18, 2025).
  - c. Audit costs claimed by an electrical corporation for implementing its wildfire mitigation plans and, to the extent those costs are unreasonable, recommend reducing rates accordingly.
  - d. Evaluate each program listed in Table A-2 of the CPUC's Response to Executive Order No. N-5-24 (February 18, 2025) for cost-effectiveness, if the CPUC has not yet evaluated the program for cost-effectiveness. For a program that the CPUC determines is not cost-effective, eliminate, reform, or recommend action by the Legislature.
- 3) Directs the CPUC to include in its report an assessment of verified restitution shortfalls for victims of electrical-corporation-caused wildfires occurring before July 12, 2019, and recommendations for electrical corporations to address those shortfalls without rate recovery.

**EXISTING LAW:**

- 1) Establishes the CPUC with jurisdiction over all public utilities and grants the CPUC certain general powers over all public utilities and common carriers, subject to control by the Legislature. (California Constitution, Article XII)

- 2) Requires the CPUC to regulate utilities, establish just and reasonable rates for service, and establish a division of the CPUC responsible for consumer protection and safety. (Public Utilities Code §§ 451, 309.7)
- 3) Mandates the CPUC to appoint a Chief Internal Auditor who is responsible for planning, initiating, and performing audits of key financial, management, operational, and information technology functions within the CPUC. The Chief Internal Auditor reports directly to an audit subcommittee of the CPUC. (Public Utilities Code § 307.6)
- 4) Establishes the CARE program, a low-income residential assistance program for IOU customers with annual household incomes less than 200% of federal poverty guidelines. CARE discounts must be between 30% and 35% of the entire bill. (Public Utilities Code § 739.1)
- 5) Establishes the FERA program, a low-income residential assistance program for IOU customers whose household income ranges between 20% and 250% of the federal poverty guidelines. FERA provides an 18% line-item discount on eligible customers' bills. (Public Utilities Code § 739.12)
- 6) Mandates each electric and gas corporation to develop and implement a rate assistance program at a fixed percentage to eligible food banks. (Public Utilities Code § 739.3)
- 7) Establishes the Energy Savings Assistance Program (ESA), which requires electric and gas corporations to provide weatherization assistance for low-income customers. (Public Utilities Code § 2790 (a), (b))
- 8) Creates a charge on electricity and natural gas consumption to fund cost-effective energy efficiency and conservation activities. (Public Utilities Code §§ 381, 890, and 1615)
- 9) Establishes the BioRAM program. Mandates that within the Renewables Portfolio Standard Program, electrical corporations procure 125 MW generating capacity from bioenergy projects that produce its generation using specified minimum percentages of certain types of forest feedstock, including from Tier 1 and Tier 2 high hazard zones. (Public Utilities Code § 399.20.3)
- 10) Establishes the Office of Energy Infrastructure Safety, which oversees electrical corporation wildfire safety compliance, including a field audit program for wildfire mitigation plan compliance by each electrical corporation. (Government Code § 15473 et seq.; Public Utilities Code § 326)
- 11) Requires a local publicly owned electric utility or electrical cooperative to prepare a wildfire mitigation plan and submit the plan to the California Wildfire Safety Advisory Board at least once every four years on a schedule determined by the Board. (Public Utilities Code § 8387)
- 12) Allows the CPUC to permit electrical corporations to establish a memorandum account to track costs for wildfire mitigation. The CPUC will review costs during the General Rate Case and can disallow unreasonable costs, or electrical corporations can apply for cost

recovery that is not otherwise covered by their revenue requirements. (Public Utilities Code § 8386.4)

- 13) Establishes the Wildfire Fund, administered by the Wildfire Fund Administrator, and overseen by the California Catastrophe Response Council, to provide a source of liquidity for the three large electrical corporations to pay eligible claims arising from electrical corporation-caused wildfires ignited on or after July 12, 2019. (Public Utilities Code §§ 3280-3296)
- 14) Capitalizes the Wildfire Fund through two sources – mandatory shareholder equity contributions from the three large electrical corporations and ratepayer surcharges, bringing the Fund’s total capitalization to approximately \$21 billion. (Public Utilities Code §§ 3285-3298)
- 15) Establishes the Wildfire Fund Continuation Account to provide a source of liquidity for the three large electrical corporations to pay eligible claims arising from electrical corporation-caused wildfires ignited on or after September 19, 2025. (Public Utilities Code §§ 3298-3299.20)
- 16) Capitalizes the Wildfire Fund Continuation Account through two sources – mandatory shareholder equity contributions from the three large electrical corporations and ratepayer surcharges, bringing the Fund’s total possible capitalization to approximately \$18 billion. (Public Utilities Code §§ 3299 – 3299.3)

**FISCAL EFFECT:** Unknown. This bill is keyed fiscal and will be referred to the Assembly Committee on Appropriations for its review.

**BACKGROUND:**

*Prior Legislation* – An almost identical bill was considered by the Legislature in 2025. (AB 286, Gallagher, Died – Assembly Committee on Appropriations). For additional background on this issue, please refer to the analyses prepared for that legislation. The background provided in this section is specific to this bill’s addition of a new requirement that the CPUC include in its report an assessment of verified restitution shortfalls for victims of electrical corporation-caused wildfires occurring before July 12, 2019, and recommendations for electrical corporations to address those shortfalls without rate recovery.

*Significance of July 12, 2019* – On July 12, 2019, Governor Newsom signed AB 1054, which established the California Wildfire Fund. A “covered wildfire” under that law is only one ignited on or after July 12, 2019. This means that while electrical corporations are still liable for damages caused by wildfires caused by their equipment prior to July 12, 2019, they cannot access the Wildfire Fund to pay those liabilities. The fires at issue primarily include the 2015 Butte Fire, 2017 North Bay Fires (including the Tubbs Fire), 2017 Thomas Fire, and 2018 Camp Fire. For victims of the 2015 Butte Fire, 2017 North Bay Fires, and 2018 Camp Fire, the primary restitution mechanism is the PG&E Fire Victim Trust (Trust), established as a condition of PG&E’s bankruptcy reorganization. PG&E funded the Trust with \$5.4 billion in cash and 22.19% of stock in the reorganized PG&E. Tying compensation to PG&E stock value proved problematic for victims. As of October 2024, the pro rata payment percentage stood at 70%, with

no mechanism to recover the remaining 30%. The stock held in the Trust is fully liquidated, with the final distribution expected this spring or summer following resolution on a settlement agreement with a utility vegetation management contractor.<sup>1</sup>

#### COMMENTS:

- 1) *Author's Statement.* According to the author, “The skyrocketing cost of electricity in California remains unacceptable and unsustainable, burdening families, small businesses, and vulnerable communities with unaffordable bills. AB 2700 directs the Public Utilities Commission to deliver concrete recommendations for at least a 30% reduction in kilowatt-hour rates by 2028 – through rigorous review and reform of non-cost-effective public purpose programs, audits of wildfire mitigation spending to eliminate unreasonable costs, and optimization of the California Climate Credit. In addition, the bill requires the Commission to assess verified restitution shortfalls for victims of utility-caused wildfires that occurred prior to July 12, 2019, and recommend mechanisms for electrical corporations to fully and fairly compensate those victims in a timely manner, without shifting those costs to ratepayers. Energy is a basic necessity, not a luxury; this bill prioritizes Californians over unchecked rate increases and delivers both affordability relief and long-overdue justice for wildfire survivors.”
- 2) *Purpose of Bill.* This bill requires the CPUC to generate a report with specific recommendations to reduce the kilowatt-per-hour rate for electricity by at least 30% by January 1, 2028. Additionally, the bill requires the report to assess verified restitution shortfalls for victims of electrical corporation-caused wildfires occurring prior to July 12, 2019, and recommend mechanisms for electrical corporations to address those shortfalls – without authorizing rate recovery for restitution payments.
- 3) *Related Legislation.*

AB 1774 (Boerner) would require the CPUC to conduct an independent audit of an electrical corporation’s prior wildfire mitigation expenditures before the electrical corporation may recover, collect, or expend ratepayer funds for new or ongoing wildfire mitigation programs. Status: Set for hearing before the Assembly Committee on Utilities and Energy on April 8, 2026.

AB 2508 (Hoover) would eliminate from electric investor-owned utility rates the costs of various programs and instead establish a Public Utilities Public Purpose Programs Fund in the State Treasury, funded by appropriations from the Greenhouse Gas Reduction Fund, to fund the programs. Status: Set for hearing before the Assembly Committee on Utilities and Energy on April 8, 2026.

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<sup>1</sup> Letter from Trustee Cathy Yanni, [https://www.firevictimtrust.com/ViewPDFDoc.aspx?letter%20from%20the%20trustee%20\(12-31-25\).pdf](https://www.firevictimtrust.com/ViewPDFDoc.aspx?letter%20from%20the%20trustee%20(12-31-25).pdf), December 31, 2025.

4) *Previous Legislation.*

AB 286 (Gallagher, 2025) largely the same bill as this measure, but did not include the directive to the CPUC to include in its report an assessment of verified restitution shortfalls for victims of electrical corporation-caused wildfires occurring before July 12, 2019, and recommendations for electrical corporations to address those shortfalls without rate recovery. Status: Assembly – Died – Appropriations.

AB 2205 (Patterson, 2024) would have required the CPUC to reduce the kilowatt-per-hour rate for electricity charged to ratepayers by not less than 30 percent. Status: Assembly – Died – Utilities and Energy.

**REGISTERED SUPPORT / OPPOSITION:**

**Support**

Butte County  
California Farm Bureau Federation  
Camp Fire Survivors  
San Diego Gas and Electric Company  
The Utility Wildfire Survivor Coalition  
Numerous Individuals

**Opposition**

None on file.

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