



OFFICE OF THE GOVERNOR

SEP 25 2024

To the Members of the California State Assembly:

I am returning Assembly Bill 3263 without my signature.

This bill pre-authorizes private electric utilities to finance and securitize categories of costs that would be recovered through a volumetric charge on customers' electric utility bills, including costs for vegetation management and other operational and maintenance expenses related to wildfire mitigation, and costs stemming from a state or federal emergency declaration. This bill also pre-authorizes a private electric utility to issue recovery bonds for vegetation management expenses.

I share the author's concern about the pace of increasing electric costs and its impact on customer electric rates and bills. Managing these costs and ensuring affordable electric bills for all customers is essential for electrifying our economy with clean energy resources and meeting the everyday energy needs of Californians. This is why I am deeply committed to advancing efforts both administratively and in partnership with the Legislature over the next several years.

While the premise of this bill aligns with efforts to ensure electric bill affordability, I am concerned that this bill attempts to circumvent the CPUC's existing authority to review and authorize the financing and securitization of certain electric cost categories. In addition, allowing the pre-authorization of bonds to finance private utility yearly expenses, including but not limited to vegetation management expenses, may reduce electric rates and bills marginally in the near-term, but could ultimately lead to higher electric rates and bills for ratepayers in the medium-term, unless the financing costs are offset through other means.



For these reasons, I cannot sign this bill.

Sincerely,

A handwritten signature in black ink, appearing to be 'Gavin Newsom', is written over a horizontal line. The signature is stylized and somewhat obscured by the line it crosses.

Gavin Newsom