



## OFFICE OF THE GOVERNOR

SEP 22 2024

To the Members of the California State Senate:

I am returning Senate Bill 1292 without my signature.

This bill requires the California Public Utilities Commission (CPUC) to evaluate the implementation and impact of the recently adopted income-graduated fixed charge (IGFC) for residential electricity rates. The bill requires the CPUC to submit a detailed report to the Legislature by January 1, 2028, with the earliest submission date being May 2026, and prohibits the CPUC from authorizing any new residential fixed charges until 30 days after the report has been provided to the Legislature.

In 2022, the Legislature passed Assembly Bill 205, directing the CPUC to, following certain guidelines, develop an IGFC as part of the default residential rate tariff in private electric utility territories by July 1, 2024. The IGFC was carefully designed to allocate the costs of developing and maintaining electric infrastructure that benefits all customers more equitably, while lowering the volumetric rate for electricity. This is a rate design feature common in many California publicly-owned utility territories throughout the state and for many electric utilities throughout the country. Once fully implemented, the IGFC will improve electric bill affordability and encourage further electrification of the state's building and transportation sectors, which are increasingly powered by clean electricity.



While I support this bill's requirement for the CPUC to evaluate the impact of the IGFC, I am concerned about placing unwarranted limitations on the CPUC's authority to adjust it once fully enacted. In addition, the CPUC already established a process for the evaluation of the IGFC as part of its May 2024 Decision.

For these reasons, I cannot sign this bill.

Sincerely,



Gavin Newsom