



April 15, 2026

Honorable Sasha Renee Perez  
California State Senate  
Sacramento, CA 95814

**Re: SB 1098 (Perez) – Support**

Dear Senator Perez:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We are legislatively mandated to advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We support SB 1098 (Perez), which states that the preferred and primary method of establishing authorized revenue requirements for electrical and gas investor-owned utilities (IOUs) is the general rate case (GRC) and provides guidelines for when and how IOUs may budget using mechanisms outside of the GRC. This bill would promote responsible utility budgeting and improve affordability for customers.

By establishing the GRC as the preferred and primary method for setting revenue requirements for IOUs, SB 1098 emphasizes the importance of prudent and responsible utility budgeting. Most utility costs are established through the GRC, a budget-setting process where utilities forecast and justify anticipated costs and the CPUC establishes how much revenue a utility may collect. That amount – often referred to as the “revenue requirement” – is essentially a budget that the utility is expected to operate within. If a utility spends less than authorized, this will provide additional profit to shareholders – and if costs are higher than forecasted, utility shareholders bear that risk. This bill promotes prudent budgeting by establishing the GRC as the primary mechanism for utility budgeting.

Further, SB 1098 promotes responsible budgeting by providing guidelines for financial accounts used outside of the GRC, known as memorandum and balancing accounts. While these accounts can be useful for tracking costs that are unforecastable and outside the utility's control – such as catastrophic events – they shift how risk is allocated between shareholders and customers. Use of memorandum and balancing accounts has grown in recent years, increasing rate recovery outside of the GRC. It is critical that utilities exercise budgetary discipline. By creating more guidelines for memorandum and balancing accounts, SB 1098 may reduce the overall budgeting risks – and fiscal impact – that ratepayers face.

This bill takes meaningful steps toward strengthening budgeting accountability and improving affordability for ratepayers. For these reasons, we support SB 1098.

Sincerely,

Linda Serizawa  
Director, Public Advocates Office