Reject Utility Shareholder Bailout and Enact Wildfire Reform that Protects Utility Customers and Wildfire Survivors

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November 19, 2026

The Honorable Gavin Newsom, Governor, State of California
The Honorable Xavier Becerra, Governor-Elect, State of California

Re: Reject Utility Shareholder Bailout and Enact Wildfire Reform that Protects Utility Customers and Wildfire Survivors

Dear Governor Newsom and Governor-elect Becerra:

On behalf of the 31 undersigned environmental, environmental justice, consumer advocacy, and economic justice organizations working to make energy affordable for California families, we are alarmed by reports that California's for-profit utilities are lobbying to lock in a permanent cap on shareholder liability for catastrophic wildfires. Customers would pay for everything above that cap: billions of dollars in wildfire costs added to the bills of families who are already choosing between groceries and keeping the lights on.

California does need to reform how it pays for wildfire costs, which are a leading driver of electricity rate increases. But that reform has to come through a thoughtful, transparent process that gives the public and affected stakeholders a real chance to weigh in.

We urge you to scrutinize the utilities' case. They argue that wildfire liability drives up their borrowing costs, which customers pay through higher rates. That's true, but it's a small part of the picture. By the utilities' own estimates, wildfire risk will add about $206 million to PG&E's interest costs this year. That's less than 1% of PG&E's roughly $25 billion 2025 revenue requirement, and a fraction of the $3.8 billion in wildfire costs PG&E is charging customers in 2026 alone. A bad liability deal, by contrast, could leave customers on the hook for billions in wildfire costs. The focus on borrowing costs is a distraction from the bigger problem: utilities are overcharging customers for wildfire costs to pad their profits.

The problem is structural. Utilities earn a profit on the infrastructure they build, so they have every incentive to choose the most expensive options, like undergrounding power lines, even when cheaper ones could make the grid safer faster. Those margins show up in their record profits. And the state lacks the accountability measures to make sure utilities actually complete the wildfire mitigation work they charge customers for.

We stand ready to work with Governor-elect Becerra and the Legislature on a package that delivers urgently needed relief for electricity customers. This month's midterm elections, in which candidates across the country won by championing utility affordability, underscore the stakes.

Any deal that reduces utility risk should include the following commitments to protect customers and hold utilities accountable:

Hold utilities accountable for the fires they cause

- **Audit wildfire spending.** Require regular, independent audits of wildfire mitigation spending to confirm that utilities complete the work customers pay for and that the money is spent cost-effectively. Return unspent wildfire dollars to ratepayers.
- **Tie executive pay to safety.** Base executive incentive pay on safety outcomes. Require forfeiture of all incentive compensation for vice presidents and above when a utility causes a catastrophic wildfire involving fatalities.
- **Make shareholders pay safety penalties.** Require shareholder-funded penalties when utilities fail to complete approved mitigation work, meet safety standards, or implement required corrective actions.

End bailouts and prevent catastrophic losses

- **No profits on wildfire infrastructure.** Utilities should not profit from wildfire safety spending that customers pay for.
- **Protect homes before fires become disasters.** Build sustained statewide prevention funding that prioritizes home hardening, community protection, and landscape resilience. Draw that funding from taxpayers, polluters, insurers, and property owners rather than electric bills, with protections for low-income households, and prioritize investments that most reduce catastrophic losses.
- **Permanently end ratepayer-funded bailouts for utility-caused wildfires.** Cap customer contributions to the Wildfire Fund, and prohibit replacement charges that shift utility wildfire liabilities onto electric bills. Establish a successor framework funded by utility shareholders, insurance company shareholders, and major greenhouse gas emitters, with enforceable guarantees that survivors are compensated quickly.

Control spending to reduce bills

- **Put new spending safeguards to work.** Rein in memorandum and balancing accounts, including those used for wildfire costs.
- **Evaluate and adopt lower-cost alternatives first.** Before any undergrounding project moves forward, require OEIS to evaluate whether lower cost alternatives such as reconductoring or clean distributed energy combined with targeted de-energization can achieve the same safety objectives.

California can protect wildfire survivors, keep the grid safe, and bring down electricity bills. But it can't do that through a rushed deal written for utility shareholders. We urge you to take up wildfire liability reform next session through an open process that puts customers first. We look forward to working with you to get it done.

Sincerely,

Affordable Energy Campaign, Monica Embrey, Founder

Alliance of Californians For Community Empowerment (ACCE), Eric Lerner, Climate Justice Director

California Alliance for Community Energy, Tekira Briscoe, Operations Coordinator

California Environmental Justice Alliance, Feby Boediarto, Energy Justice Manager

Californians For Energy Choice, Eric Brooks, Campaign Coordinator

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Center for Biological Diversity, Roger Lin, Senior Attorney

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Climate Action Campaign, Nicole Capretz, Founder and CEO

Communities for a Better Environment, Shana Lazerow, Legal Co-Director

Earthjustice, Matt Vespa, Senior Attorney

Elders Climate Action (ECA) Northern California (NorCal) Chapter, Todd Weber Volunteer, Chapter Co-Leader

Elders Climate Action (ECA) Southern California (SoCal) Chapter, Richard Burke Founder, Chapter Leader

Every Fire Survivor's Network, Joy Chen, Executive Director

GRID Alternatives, Emma Searson, Managing Policy Director

Leadership Counsel for Justice and Accountability, Mariela Loera, Energy & Climate Policy Manager

NextGen California, Arnold Sowell Jr., Executive Director

Oil and Gas Action Network, Matt Leonard, Director

Reclaim Our Power: Utility Justice Campaign, Emi Yoko-Young, Policy Organizer

Rising Sun Center for Opportunity, Sneha Ayyagari, Director of Policy

SanDiego350, Tyler Andre, Affordable Energy Campaign Coordinator

San Francisco Bay Physicians for Social Responsibility, Robert M. Gould, MD, President

Save Porter Ranch, Kyoko Hibino, Co Founder | Director

Sierra Club, Tami Chipeco, Senior Campaign Organizer

Sunflower Alliance, Shoshana Wechsler, Coordinator

The Climate Center, Barry Vesser, Chief Program Officer

The Greenlining Institute, Carmelita Miller, Energy Strategist

The People Concern, Michael Lueras, Client

The Protect Our Communities Foundation, Malinda Dickenson, Executive Director

TURN–The Utility Reform Network, Mark W. Toney, Ph.D., Executive Director

Vote Solar, Claudine Y. Custodio, West Regulatory Director

CC:
Ricardo Lara, California Insurance Commissioner
Jane Kim, California Insurance Commissioner - elect
President John Reynolds, California Public Utilities Commission