California Legislature
Senator Ben Allen (author)
1021 O Street, Suite 6610
Sacramento, CA, 95814

April 17, 2026

William B. Abrams
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**RE: Oppose Unless Amended SB 1233 – Advances Utility Disincentives for Wildfire Risk Mitigation**

Attention California Legislature and Senator Allen (author):

On behalf of the Utility Wildfire Survivor Coalition (UWSC) and a growing coalition of fire victims, community organizations, and advocates across California, we respectfully write to express our view that SB 1233 should be amended. This bill risks creating perverse financial incentives that would unintentionally provide exactly the wrong incentives for our investor-owned utilities. Instead, we need to tie authorized return-on-equity (ROE) with (1) wildfire safety performance (2) affordable energy rates as well as (3) FULL, fair and timely restitution for utility-caused fire victims.

## SB 1233 Disincentivizes Effective Wildfire Mitigation Performance

SB 1233 appears to link utility financial outcomes, including Return on Equity (ROE), to demonstrated wildfire risk exposure. While well-intentioned, this structure will drive the following unintended consequences:

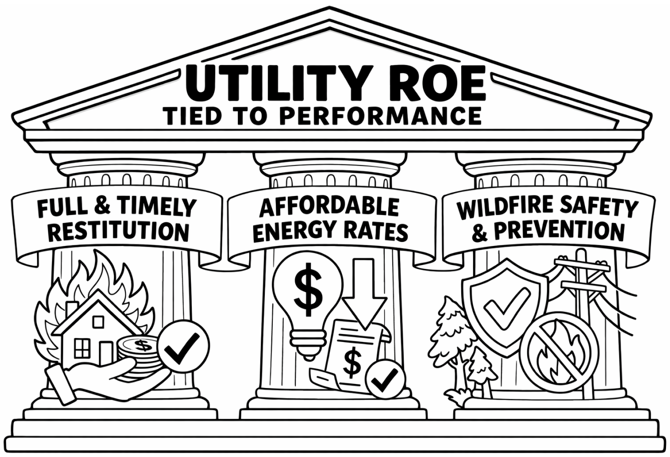
- **Misaligns Incentives -** Incentivizing utilities to **demonstrate higher levels of risk** in order to justify higher authorized returns
- **Undermines Wildfire Mitigation Plan Efficacy** – Will drive elevated risk assumptions into Wildfire Mitigation Plans (WMPs) to **justify higher CPUC approved ROE**
- **Perverse Incentives Drive Inaction -** Creating a dynamic where utilities are financially rewarded for **risk characterization rather than risk reduction** will undermine public safety goals

This would also produce compounding misaligned incentive structures in that the utilities that are the most effective at reducing wildfire risk could face downward pressure on ROE and thus create a misalignment between **public safety outcomes and utility incentives in order to maximize investor return**.

## Proposed Amendments to Align ROE with Public Outcomes

As outlined in the attached coalition letter submitted by a growing number of nonprofit organizations and residents across California, utility financial incentives, including ROE, should be aligned with measurable performance on public outcomes.

We respectfully request that SB 1233 be amended to require that the California Public Utilities Commission evaluate and align ROE with utility performance in the following areas:




1. **Fair, Full, and Timely Restitution:** 2015-2018 PG&E and 2025 SCE wildfire survivors must receive complete restitution. Victims should not be forced to subsidize investor returns through reduced compensation or delayed recovery.
2. **Affordable Energy Rates:** Utility financial incentives must align with policies that improve energy affordability for households, small businesses, and communities.
3. **Wildfire Safety:** IOUs must have strong financial incentives to reduce wildfire ignitions, prevent infrastructure failures, and measurably improve safety outcomes.

Under this type of framework, Utilities that **reduce wildfire risk and improve public outcomes** would be eligible for stronger returns. Conversely, utilities that fail to deliver on safety, affordability, or restitution should not be rewarded. This approach ensures that **investor incentives are aligned with California's public goals**, rather than inadvertently encouraging higher risk profiles.

We appreciate the author's intent and certainly recognize that SB 1233 raises important issues. However, **the bill as drafted risks reinforcing the wrong incentives** at a critical moment for California's wildfire and energy policy. For these reasons, UWSC respectfully submits an **Oppose Unless Amended** position and urges adoption of amendments that align utility financial incentives with performance on safety, affordability, and full wildfire victim recovery.

We welcome the opportunity to work with your office around this bill and stand ready to support this legislation, if it is amended to guard against the aforementioned negative wildfire safety consequences. Thank you for your leadership and consideration.

Respectfully submitted,

**William B. Abrams**
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**Attachment:** Coalition Letter Supporting SB 254 Aligned Utility Incentive Framework

**California Grassroots Nonprofit Coalition Call to Action** **April 6, 2026**

**Align Utility Profits with Public Safety, Affordability, and Wildfire Victim Restitution**

**To:**
Governor Gavin Newsom
Members of the California State Legislature

**From:**
Coalition of Organizations and Concerned Citizens Across California Supporting Wildfire Survivor Restitution, Recovery and Community Resiliency

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Across California, communities are facing a growing crisis at the intersection of **wildfire safety, energy affordability, and disaster recovery.** When investor-owned utilities ignite catastrophic wildfires due to negligence, mismanagement, or infrastructure failures, families, small businesses, and entire communities bear the consequences. Simultaneously, new policies increasingly shield utilities and their investors from the costs of these disasters.

In the immediate aftermath of the fires, and often before the embers cool, utilities and their investors mobilize significant political, financial, and legal resources to shape legislative, regulatory, and litigation outcomes. Utility executives, hedge fund managers, and their vast legal resources descend on California to ensure that legislation, litigation and regulation move in their favor to prioritize their profits over the interests of California residents.

In response to this increased pressure campaign, policies have been adopted, including the California Wildfire Fund established under AB 1054 (2019) and the Continuation Fund under SB 254 (2025) with the stated intent to stabilize the energy market and to protect grid reliability. However, these policies have also created a financial safety net on the backs of fire victims and the public that shields utilities and their investors from the liabilities associated with their neglect and mismanagement. Indeed, investor profits increase with each utility-caused fire.

**Simply stated, we are rewarding the WRONG outcomes.**

These policy choices have real consequences for communities across California. In fire-affected regions, from Sonoma, Napa and Butte counties after the 2017 and 2018 PG&E Fires to Altadena and Pasadena following the 2025 SCE Eaton Fire, recovery remains slow and uncertain. Vacant lots, displaced residents, insurance scarcity and delayed rebuilding demonstrate the long-term toll of incomplete restitution and rising costs.

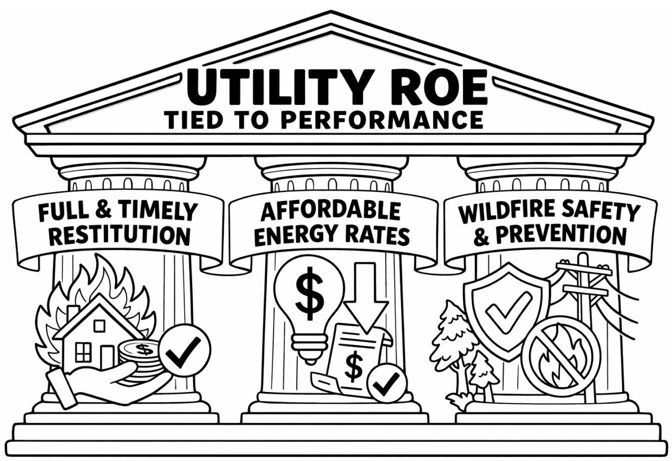
At the same time, legislative protections enacted in recent years have been viewed as trading away restitution of victims, undermining community resiliency and coinciding with **record investor returns for utilities**, highlighting a growing imbalance between investor protection and community recovery. California has the opportunity to correct this imbalance by aligning utility financial incentives with the public interest. Organizations representing wildfire survivors, consumer advocates, housing organizations, environmental groups, small businesses, and local governments all share a common interest in ensuring that California's utility policies prioritize community recovery, affordability, and safety.

The results of **California's unfair and imbalanced system** are clear:

- **Highest Investor Return -** California consistently authorizes investor-owned utilities to earn the 2nd highest authorized returns (ROE) in the nation (~10%) to guarantee strong profits for utility investors even after demonstrated poor service and catastrophic fires.
- **Least Affordable Energy -** Californians pay the 2nd highest electricity rates in the country (~$0.32/kWh), placing significant financial strain on households, small businesses, and local governments.
- **Less Safe Communities –** California utilities drive among the highest rates of "wires-down" incidents and the most catastrophic disasters in the United States, key indicators of systemic grid safety failures.
- **Least Victim Restitution –** California's utility-caused wildfire survivors still await full restitution as long as 10+ years after utility-caused fires with the least amount of recovery dollars (~50%) while forcing taxpayers and ratepayers to absorb costs from utility neglect and mismanagement.

In short, **California residents are paying more to receive less safety, less affordability, and less recovery after utility-caused disasters.**

Utilities operate under a **Certificate of Public Convenience and Necessity (CPCN)**, granting them the privilege of serving Californians as regulated monopolies. In return, they must deliver safe, reliable, and affordable service that serves the public interest. Yet today, utility financial incentives are insufficiently tied to these public outcomes. The undersigned organizations and individuals support the following structure to align utility Return on Equity (ROE) to measurable performance on three core areas:

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**Investor-Owned Utility Incentive Structures MUST change and align to our public goals.**
The undersigned organizations and individuals call on California leaders to adopt **targeted amendments, in response to the SB 254 Study this legislative session,** to ensure that utility financial incentives are aligned with the public interest. We stand united in calling for a regulatory framework where **utility profits and credit ratings are earned by delivering safer infrastructure, affordable energy, and fair restitution for wildfire victims and NOT by shifting costs onto communities, ratepayers, and taxpayers.**

Aligning utility financial incentives with these public goals will strengthen community resilience, restore public trust, and help ensure that California's energy system works for all residents.

We urge the Legislature to act this session to close existing loopholes and adopt **SB 254 amendments that align utility Return on Equity with the public interest.** California communities deserve nothing less.

**Respectfully submitted,**

**The Growing Coalition of Diverse Organizations and Concerned Citizens including:**

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

Jane Lawton Potelle
Executive Director
**Eaton Fire Residents United**

Heavenly Hughes
Executive Director
**My Tribe Rise**

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

William B. Abrams
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**Utility Wildfire Survivor Coalition**

Florence Annang
Lead Organizer
**Dena Rise Up**

Stephanie Liem, MPP
Policy and Data Analyst
End Child Poverty California