

California Legislature
Senator Josh Becker (author)
1021 O Street, Suite 6520
Sacramento, CA, 95814

April 26, 2026

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RE: Oppose Unless Amended SB 905 – ROE and Wildfire Victim Restitution Prioritization

Attention California Legislature and Senator Becker (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 905 should be amended. We appreciate the intent of SB 905 to improve oversight and alignment of utility financial incentives with public outcomes. As we have expressed, within our SB 254 Study Contribution (see attached) this is the right direction. However, as currently drafted, SB 905 **does not sufficiently ensure that utility financial returns are aligned with the most critical public outcomes**. Our coalition feels strongly that authorized return-on-equity (ROE) must be tied directly to (1) wildfire safety performance (2) affordable energy rates as well as (3) **FULL, fair and timely restitution for utility-caused fire victims**.

Recommended Amendment: Restitution as Central Performance Metric

SB 905 addresses important issues related to utility oversight and performance. However, it does not explicitly require that **full, fair, and timely compensation of wildfire victims** be treated as a factor in CPUC approved ROE.

This material omission is significant.

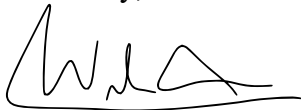
As the Legislature is acutely aware, thousands of wildfire survivors, particularly those impacted by the **2015–2018 PG&E fires** and victims of the 2025 SCE Eaton fire will remain dramatically undercompensated if we do not prioritize their **FULL** recover. As we have seen with AB1054 (2019) and SB 254 (2025), absent explicit statutory direction, California risks advancing reforms that improve financial structures for utilities while **leaving wildfire victims behind**.

If a utility's authorized ROE exceeds its performance on any core public outcome (rate affordability, wildfire safety, **FULL** and timely victim restitution) the Commission should be required to **explicitly identify this misalignment and require an appropriate corrective action plan**.

In conclusion, SB 905 presents an important opportunity to modernize how California aligns utility financial incentives with public goals. However, without explicitly prioritizing **full wildfire victim restitution**, the bill risks reinforcing a system where investor returns are protected while survivors remain uncompensated. For these reasons, UWSC respectfully submits an **Oppose Unless Amended** position and urges the Legislature to strengthen SB 905 to ensure that **no wildfire victim is left behind**.

We welcome the opportunity to work with your office to refine these amendments.

Sincerely,



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Attachment: Coalition Letter Supporting SB 254-Aligned Utility Incentive Framework

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December 12, 2025

Utility-Caused Wildfire Survivors Support a New California Fire Recovery and Resiliency Framework

Align Incentive Structures, Promote Accountability and Streamline Restitution and Recovery

I. Background and Purpose

Wildfire survivors know firsthand the profound physical, emotional, and financial consequences that occur when investor-owned utilities (IOUs) ignite catastrophic fires. Yet despite bearing these direct impacts, survivors have not been significant contributors to the legislation and regulatory structures intended to govern recovery. Instead, the policymaking landscape has too often been shaped by IOUs and a small circle of well-resourced legal and financial actors. This imbalance has produced outcomes that disproportionately favor utilities and their investors, leaving hundreds of thousands of survivors across California undercompensated and struggling to rebuild, even as utilities regain financial strength and resume dividend payments.

This dynamic is neither equitable nor consistent with the public commitments that victims would be “fully and fairly compensated.” More importantly, for the purpose of this study, it is not compatible with a sustainable future for California’s communities. California must adopt a new, more balanced approach that places survivors and public safety at the center of policy design, regulation and recovery program implementation.

This submission therefore proposes an integrated, evidence-based California Fire Recovery and Resiliency Framework that prioritizes full victim restitution, aligns utility and investor incentives with measurable safety and affordability outcomes, enhances transparency, stabilizes insurance markets, and provides a durable and equitable alternative to current recovery mechanisms. The recommendations are grounded in SB 254’s directives under PUC §917(c)(6) and §917(c)(10), informed by my lived experience as a survivor of the 2017 PG&E North Bay Fires, and shaped by years of advocacy before state and federal agencies and courts, including the CPUC, OEIS, and the U.S. Bankruptcy and District Courts.

II. Current State: Systemic Failures in the Existing Framework

Recent utility-caused wildfires have revealed a fragmented and inequitable system for restitution, recovery, and long-term community resilience. Across fire-impacted communities, vacant lots, displaced families, and long-delayed rebuilding efforts demonstrate how far California remains from achieving a fair, efficient and equitable recovery process. While public leaders work diligently to support rebuilding efforts, utilities and certain institutional investors have too often viewed these disasters as opportunities to seek rate increases, secure favorable regulatory treatment, or increase investor return.

A primary driver of this imbalance is the misalignment between utility financial incentives and public-interest outcomes. Investor return (ROE) remains largely disconnected from safety performance, rate affordability, or victim compensation. Following the PG&E fires from 2015 to 2018, PG&E and its investors were able to realize record earnings and resumed dividend payments on the backs of tens of thousands of survivors who remain severely undercompensated. Nearly a decade after the Butte Fire and more than five years after PG&E exited bankruptcy, victims remain roughly 30% short of promised recovery which equates to about 40 cents on the dollar after attorney fees. This is completely insufficient for families attempting to rebuild their homes and their lives amidst, rising insurance rates, ballooning medical bills and other fire-related economic burdens.

Some may want to attribute these post-fire issues to bankruptcy driven outcomes but we see mirrors of these issues across all catastrophic utility-caused fires. The 2019 Kincade Fire settlement illustrates another issue, the recurring tradeoff between short-term financial support for local government and long-term utility accountability. Sonoma County's District Attorney emphasized this imbalance, noting that the criminal penalties available for utility-caused fires, such as the \$3.5 million fine for 80+ manslaughter convictions following the 2018 Camp Fire, are insufficient deterrents, and urged lawmakers to create *"meaningful legislation that gives us the tools we need to hold large corporations accountable."*¹

If we are successful, this important SB 254 study will lead to these "tools" for utility accountability called for by the Sonoma County District Attorney. It is also important to address the opaque financial relationships between key fire victim counsel, fund administrators, utility investors and other stakeholders that erodes the public trust. These financial relationships were widespread in response to the PG&E fires and also noted during the recent LA Fires. Consider that investors such as Centerbridge Partners LP, Jefferies Financial Group Inc. and Oppenheimer Holdings Inc. worked to finance wildfire litigation through serving as intermediaries between victim attorneys, institutional investors and the utilities. As stated by Ron Ryder, Special Asset Manager at Oppenheimer and represented within recent Bloomberg News reporting:

"Oppenheimer is 'representing large, institutional asset-managers' that would provide financing options for law firms representing fire victims. He added that Oppenheimer's clients would be

¹ See The Press Democrat, April 11, 2020 "PG&E, Sonoma County Prosecutors Reach Deal to Settle Kincade Fire Criminal Charges," <https://www.pressdemocrat.com/article/news/pg-e-sonoma-county-prosecutors-reach-deal-to-settle-kincade-fire-criminal/>

interested in “purchasing an attorney’s contingency fee as it relates to the outcome of these wildfire cases.”²

Such financial structures (e.g. loans, lines of credit and litigation financing) create inherent risks where outside investors can influence legal strategy, settlement terms, and the economic pressures placed on attorneys, all without the knowledge of wildfire survivors or financial regulators. As prominent LA fire attorney Richard Bridgford candidly explained why he, unlike many other attorneys, did not take such inducements:

“I don’t ever want to be in that position of having to settle my client’s case short because I’m in a rush to not have to pay someone back a bunch of money,”³

These statements bring into sharp focus how a post-wildfire ecosystem, where financing arrangements are unknown to survivors and regulators, can distort incentives in ways that undermine fire victim and community recovery and resiliency.

A third structural issue is the fragmented regulatory and oversight model established in recent years. As reflected in CPUC proceedings such as Investigation I.19-09-016 and Application A.21-09-008, California has separated safety oversight from financial oversight. AB 1054 further bifurcated responsibility between the CPUC (financial regulation) and the Office of Energy Infrastructure Safety (safety regulation). This separation has weakened accountability, allowed important issues to fall into gaps between agencies, and contributed to inconsistent treatment of restitution, safety compliance, and cost recovery. These systemic failures demonstrate the need for a redesigned wildfire-recovery and oversight framework that:

1. Directly ties restitution and community recovery to corporate privileges and incentives, including ROE, eligibility for rate increases, access to non-ratepayer funds, and participation in state-supported programs; and
2. Establishes transparent, efficient, and equitable processes that strengthen both individual and community resilience and restore public trust.

Only by confronting these structural shortcomings can California create a recovery model that adequately supports survivors, strengthens accountability, and reduces the likelihood and impact of future utility-caused disasters.

III. Response to the Combined IOU Abstract (PG&E, SCE, SDG&E)

The IOU Combined Abstract presents a narrative that frames wildfire risk and associated accountability based upon “external factors” such as climate change, vegetation conditions, topography, land use, and broader societal issues. While careful coordination around wildfire mitigation practices is certainly prudent, their contentions seem to ignore the primary factors that have

² See Bloomberg News, “Wall Street Backs LA Fire Lawsuits, Chasing Billions,” June 30, 2025, <https://www.claimsjournal.com/news/national/2025/06/30/331487.htm>

³ *Id.*

led to California's most catastrophic and costly utility-driven ignitions which include corporate mismanagement, negligence and criminal violations.

Moreover, the IOUs' abstract references insurance-market instability but looks to disassociate their significant contributions to this instability by omitting one crucial fact: reinsurance rates almost exclusively spike after large utility-caused fires. These spikes propagate through the insurance market, driving homeowner premium increases, non-renewals, and market withdrawals. Critically, the IOUs' submission does not even acknowledge the significant structural imbalance: utilities and their institutional investors have vast legal, financial, lobbying, and public-relations resources that are not available to wildfire survivors and the public. This imbalance has too often enabled utilities to shape legislative and regulatory outcomes in ways that preserve their interests while minimizing or deferring their restitution obligations. Our new wildfire finance model must address and not obscure this reality.

IV. Pillars for a Just and Effective Wildfire Recovery Model

We must align the utility wildfire liability and associated responsibility and accountability for post-fire recovery and resiliency based upon shared risk factors (climate change, vegetation management, etc.) but not by conflating individual responsibility with corporate accountability. Therefore, the following principles must guide our reimagined post-fire financial recovery mechanisms:

- 1. Full Restitution Must be a Condition of Utility Operation Privileges**
The full restitution for fire victims must be a non-negotiable precondition for utilities seeking State provided financial or regulatory benefits. Moreover, holding a Certificate of Public Convenience and Necessity (CPCN) is a privilege, not a right. Consistent with §451, continued operation should require verified and timely progress toward full restitution after every utility-caused fire. Simply stated, a utility that does not provide for full, fair and timely restitution is NOT serving the public need.
- 2. Financial Recovery Must be Ratepayer Neutral and a Shareholder Responsibility**
When IOUs are determined to have ignited catastrophic wildfires, the "polluter pays" principle must govern restitution financing: shareholder funds, suspended dividends, and retained earnings, not increased retail rate charges should drive restitution bonds and other financing mechanisms.
- 3. Performance-Based Regulation (PBR) will drive Safety and Affordability**
We must tie bottom-line investor metrics (ROE) to bottom-line public interest measures (e.g. Return on Affordability such as CPI, Return-on-Safety ROS). Existing regulatory approvals such as rate increases, securitizations, and financing orders should be conditioned on measurable safety and affordability metrics and derived from the "prudent manager" standard.
- 4. Transparency and Mandatory Conflict Disclosure**
All entities financially benefiting from any California Wildfire Recovery Mechanisms (including utilities, law firms, lenders, nonprofits and fund administrators) must publicly disclose compensation structures and anything that might be reasonably perceived as a potential financial conflict. Without these disclosures, we will only serve to perpetuate structural imbalances that favor corporate/investor profitability over the public interests in safety, recovery, resiliency and affordability.
- 5. Durability and System Resiliency Must**

California must develop mechanisms that provide consistent and reliable restitution and recovery financing amidst worsening climate conditions and evolving insurance-market pressures. These systems must facilitate collaborative public-private solutions without obscuring or diluting utility post-fire liability and accountability.

V. Streamline Recovery, Resiliency and Restitution Mechanisms under PUC §917(c)(6), PUC §917(c)(9) and PUC §917(c)(10)

The following mechanisms should be employed to drive fair, just and effective systems and processes that align utility and investor financial incentives with public safety, energy affordability, fire victim restitution as well as community recovery and resiliency:

1. **Voluntary Ratepayer Neutral and Shareholder Funded Restitution Agreements**
Utilities should be encouraged and incentivized, but not compelled, to enter voluntary shareholder/bondholder funded restitution agreements tied to specific regulatory implications. When a utility seeks General Rate Case approval, Cost-of-Capital determinations, securitization authority, approval of wildfire mitigation plans or access to non-ratepayer or state-supported funds, they must be able to demonstrate that they are providing timely and full restitution payments to all of their utility-caused fire victims.
2. **State Supervised Restitution Bonds to Accelerate Restitution Payments**
There should be a state financing entity (e.g., IBank, Treasury) identified and authorized to issue restitution bonds based upon the above voluntary shareholder contributions, suspended dividends and/or other contractual commitments tied to utility performance. The participation within this program would be one way for a utility to reasonably demonstrate that they are timely, justly and effectively providing restitution for fire victims and serving the needs of the public.
3. **Victim Restitution as a Key Component of Maintaining a CPCN**
Given that operation of an electrical corporation is a privilege, their just and fair restitution performance must be considered relative to a determination that a utility continues to meet its public interest obligations. If the utility fails to demonstrate that they are on a path towards the full, fair and timely payment of their fire victims, the CPUC must be empowered to restrict access to financial benefits, limit dividend payments or impose governance reforms including the initiation of CPCN modification proceedings. This approach would align with long standing and reasonable regulatory authority over utility privileges.
4. **Mandatory Conflicts Disclosures Incorporated into Restitution & Recovery Systems**
Any law firm, financier, consultant, trust administrator, nonprofit that engages with state-sponsored recovery and restitution mechanisms, must be required to disclose any financial relationships that might reasonably be perceived as a potential conflict of interest. Specifically, the State should ensure that all wildfire recovery stakeholders publicly disclose any economic interests related utility or utility investor compensation structures.
5. **ROE tied to Return on Safety (ROS), Affordability and Restitution Metrics**
We must align corporate/investor bottom-line financial incentive structures with public interests in safety, affordability and restitution to have an energy grid marked by safety and affordable access. Reflecting my prior CPUC recommendations that were incorporated into the Governor's 2019 Strike Force Report, ROE should be adjusted annually based upon (1)

independently audited safety performance (2) measures of affordability tied to CPI and (3) post-fire measures of utility restitution performance.

6. Utility and Insurance Market Collaboration to Further Insurance Affordability

Mandatory and transparent mechanisms for sharing utility wildfire mitigation models and performance metrics should be met by insurance industry ratemaking transparency. The cause-and-effect based data generated would support the California Department of Insurance's goals to drive insurance affordability for utilities, businesses, renters and homeowners across California.

VI. Conclusion and Anticipated Benefits

California utilities, communities and residents recognize shared risk factors and embrace the purpose of this study to drive increased collaboration and coordination towards a reimagined recovery and resiliency framework. However, this collective effort must not drive a diffusion of responsibility or an illusion of utility accountability. Any recovery and resiliency framework must be rooted in individual AND corporate accountability, transparency, and public trust. The IOU combined abstract seems to recast utility-caused fires as some sort of environmental or societal events divorced from utility responsibility and accountability.

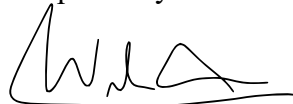
Wildfire survivors have a very different understanding and know that these fires are preventable. When a utility breaks the public trust and undermines their CPCN privileges, they must be held accountable to fully and efficiently pay their victims. Utility-caused fire victims across California's diverse communities must be included in the design, implementation and execution of proposed fire recovery and resiliency remedies.

By aligning utility and investor incentive structures with regulatory mechanisms that support (1) public safety, (2) energy affordability, (3) homeowner and business insurability, (4) full victim restitution and (5) community resiliency, we will drive an integrated and collaborative system to address growing wildfire risk factors. California could and should move beyond the limitations of the current Wildfire Fund and towards a system that protects not only institutional stakeholders but the communities who bear the consequences of these disasters.

Victim restitution is a cornerstone of our justice system and must not be pushed aside or deprioritized to expedite utility stability and investor profitability.

Dated: December 12, 2025

Respectfully submitted,



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