



November 19, 2025

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814

California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: A.25-03-010 *et al*, Cost of Capital Proceeding

Dear Governor Newsom & California Public Utilities Commissioners,

California residents are struggling with an unprecedented utility affordability crisis. New requests from California's investor-owned utilities (IOUs) to increase their authorized profits will worsen this crisis. The undersigned organizations strongly urge you to reject the unwarranted increases in rate of return, including return on equity (ROE), that the IOUs have requested in the Cost of Capital proceeding. In fact, **we believe the ROE and the overall rate of return should be reduced.**

Since the utilities submitted their applications in March, significant evidence has emerged that challenges the utilities' requested ROE rates. Stakeholder testimony demonstrated that the IOUs requested returns—ranging from 11% to 11.75%—are unjustifiably higher than market conditions warrant. Leading financial firms estimate long-term U.S. equity market returns at an average of 6.06% for the general market, which is considered riskier than utility investments.¹ As shown in the table below, California IOUs' ROE is already above the national average, and their proposed increase would collectively extract an additional \$917 million from California ratepayers with no corresponding improvement in service.

The IOUs are currently requesting significant ROE increases:

Utility	Requested ROE Increase	Annual Ratepayer Increase
PG&E	10.28% to 11.30% (+1.02%)	\$351.6 million
SCE	10.33% to 11.75% (+1.42%)	\$351.7 million
SDG&E	10.23% to 11.25% (+1.02%)	\$96.45 million
SoCalGas	10.08% to 11.00% (+0.92%)	\$117.4 million

¹ Direct Testimony of Mark E. Ellis on Behalf of Sierra Club and The Protect Our Communities Foundation, (July 30, 2025), p.16, Fig. 3: U.S. equity market long-term (10 years or longer) expected returns, available at <https://docs.cpuc.ca.gov/PublishedDocs/SupDoc/A2503010/8368/574980310.pdf>.

We respectfully urge you to:

1. Reject these unwarranted ROE increase requests.
2. Reduce the rate of return for California's utilities.
3. Prioritize affordability in the CPUC's decision-making process when considering any future rate and ensure that there is no increase in profits through other means, such as paring back requests to expand capital investments.

Other states are taking decisive action to scrutinize utility profits. The Connecticut Public Utilities Regulatory Authority has denied gas company rate increases and required millions in customer refunds.² The Illinois Commerce Commission cut utilities' proposed rate increases and return on equity, saving customers hundreds of millions of dollars.³ The California Public Utilities Commission should join this movement by more thoroughly scrutinizing the utilities' proposals and prioritizing ratepayer interests.

Reducing the current excessive ROE would provide immediate relief to struggling ratepayers while still allowing utilities to attract necessary capital investment. Your leadership on this issue would send a powerful message that California's investor-owned utilities are not entitled to demand excessive profits at the expense of California's families and businesses that are already struggling to make ends meet during this affordability crisis.

Sincerely,

350 Bay Area Action, Laura Neish, Executive Director

350 Humboldt, Daniel Chandler, Steering Committee Member

350 South Bay Los Angeles, Sherry Lear, Organizer

Act Now Bay Area, Leslie Alden, Executive Director & Chief Instigator

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

Altadena Coalition of Neighborhood Associations (ACONA), Nic Arnzen, President

Asian Pacific Environmental Network, Faraz Rizvi, Policy and Campaign Manager

² Andrew Larson, "PURA cuts rates of 2 gas utilities, requires return of \$120M to customers," *Hartford Business* (Nov. 19, 2024), <https://hartfordbusiness.com/article/pura-cuts-rates-of-2-gas-utilities-requires-return-of-120m-to-customers/>.

³ Paul Gerke, "Regulator slashes Illinois utility spending, rate hikes in approved multi-year grid plans," *Renewable Energy World* (Dec. 20, 2025), <https://www.renewableenergyworld.com/news/regulator-slashes-illinois-utility-spending-rate-hikes-in-approved-multi-year-grid-plans/>.

Ban SUP (Single Use Plastic), Cheryl Auger, President

Bay Area-System Change not Climate Change, David Gassman, Co-Convenor

Brightline Defense, Alexis Sutterman, Senior Policy Manager

California Alliance for Community Energy, Tekira Briscoe, Alliance Operations Coordinator

California Environmental Voters, Gracyna Mohabir, Clean Air & Energy Regulatory Advocate

CALPIRG Education Fund, Jenn Engstrom, State Director

CAUSE , Lucia Marquez, Policy Director

Center for Biological Diversity, Meya Saenz Zagar, Energy Justice Campaigner

Center for Community Action and Environmental Justice (CCA EJ), Marven Norman,
Environmental Policy Analyst

Center for Community Energy, Jose Torre-Bueno, Executive Director

Center on Race, Poverty and the Environment, Sabrina Molina Environmental Justice, Policy
Analyst

Central California Asthma Collaborative, Jenna Roper, Senior Policy Associate

Central California Environmental Justice Network, Nayamin Martinez, Executive Director

Central Valley Partnership, Daniel O'Connell, Executive Director

Centro Binacional para el Desarrollo Indigena Oaxaqueño (CBDIO), Sarait Martinez,
Executive Director

Climate Action Campaign, Ayn Craciun, Policy Director

Citizens Climate Lobby San Diego Chapters, Marc Friedmann, Co-lead

Consumer Watchdog, Jamie Court, President

Courage California, Irene Kao, Executive Director

Democrats of Greater Irvine, Kev Abazajian, Chair

Electric Vehicle Learning Center, Tom Summers, Senior Volunteer

FIRM - Fresno Immigrant and Refugee Ministries, Christine Barker, Executive Director

First Unitarian Universalist Church of San Diego, Climate Justice Group, Rhea Kuhlman,
Co-chair

Food & Water Watch, Nicole Ghio, California Director

Fossil Free CA, Quinn Eide, Executive Director

Glendale Environmental Coalition, Elise Kalfayan, Board Member

Hammond Climate Solutions Foundation, Karinna Gonzalez, Deputy Director

Health in Partnership, Sari Bilick, Organizing Program Director

Institute for Local Self-Reliance, John Farrell, Co-Director

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

The Local Clean Energy Alliance (LCEA), Jessica Tovar, Executive Director

Long Beach Alliance for Clean Energy, Dave Shukla, Operations

ME Mervich & Co, Mark Mervich, Owner

Microgrid Resources Coalition, Allie Detrio, Senior Advisor

Movement Generation Justice & Ecology Project, Tré Vasquez, Collective
Member/Co-Director

NextGen California, Arnold Sowell Jr., Executive Director

Oil & Gas Action Network, Matt Leonard, Co-Director

Peninsula Democratic Socialists of America, Geoff Smith, Steering Committee Member

Physicians for Social Responsibility - Los Angeles, Alex Jasset, Energy Justice Director

PODER, Antonio Díaz, Organizational Director

QuitCarbon, Cooper Marcus, CEO and Chief Quitter

Reclaim Our Power Utility Justice Campaign, Travis Gibrael, Research and Education
Organizer

Récolte Energy, Gopal Shanker, President

Reestablishing Stratford, Rob Isquierdo Jr., Founder/President

Redwood Energy, Sean Armstrong, Managing Principal

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

San Luis Obispo Mothers for Peace, Jill ZamEk, Board Member

SanDiego350, Parke Troutman, Utilities Campaign Manager

San Diego Building Electrification Coalition, Kelly Lyndon, Co-Chair

San Diego Green New Deal Alliance, Anthony Dang, Chair

San Diego Urban Sustainability Coalition, Eddie Price, Executive Director

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

Sierra Club, Julia Rose Manriquez Dowell, Senior Campaign Organizer

Solar Rights Alliance, Dave Rosenfeld, Executive Director

Sunflower Alliance, Shoshana Wechsler, Co-Coordinator

Sunrise Movement Orange County, Tiffany Lwin, Hub Coordinator

Sustainable Systems Research Foundation, Ronnie D. Lipschutz, President

The Central Valley Urban Institute, Eric Payne, Executive Director

The Climate Center, Kurt Johnson, Director of Community Energy Resilience

The Greenlining Institute, Román Partida-López, Director and Senior Legal Counsel

The Utility Reform Network, Mark Toney, Executive Director

Valley Improvement Projects, Bianca Lopez, Co-Founder/Project Director

Vote Solar, Yara Marin, Deputy Program Director - West

WAVE - Women for American Values and Ethics, Amy Luna Capelle, Executive Director

West Fresno Family Resource Center, Janice Mathurin-Boyd, Director of Operations

Youth Vs Apocalypse, Nio Gonzalez, Community Education Organizer