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DEAR GOVERNOR NEWSOM, PRO TEM LIMÓN, SPEAKER RIVAS AND MEMBERS OF THE CALIFORNIA LEGISLATURE:

The Wildfire Package Must Deliver Electricity Savings, Community Protection, and a Stable Insurance Market

Californians are paying for wildfire costs through higher electricity bills, unstable insurance markets, and slow, arduous compensation for survivors. We urge the Governor and legislature to fix this. Any wildfire reform package must lower electricity costs for customers, invest in wildfire mitigation that reduces costs long-term, and better stabilize the insurance market – all while ensuring survivors are compensated quickly and fairly.

Provide meaningful rate relief for electricity customers

- Limit electric rate increases from wildfire costs, including eliminating any customer funds going to Wall Street hedge funds or excessive trial lawyer compensation
- Provide a $4 billion contribution from utility shareholders to immediately lower electric bills over the next two years
- Reduce utility profit margins ("Return on Equity") proportional to changes in risk
- Control utility spending by requiring utilities to include an inflation-constrained scenario in every General Rate Case application and restricting memorandum and balancing accounts to genuinely unforeseeable expenses

Reduce wildfire risk, not just reallocate costs

- Establish a Community Protection Fund providing no less than $2 billion annually for community wildfire mitigation and landscape management, funded by $1 billion each from utility and insurance company shareholders over the next two years, a 1% surcharge on home insurance premiums, contributions from fossil fuel companies, and other state sources
- Make home-hardening and defensible space more accessible by letting homeowners finance these investments through property tax bills or low-interest loans

Better stabilize the insurance market

- Share transparent data on the projected cost shift of eliminating insurance subrogation to ensure it doesn't threaten the accessibility and affordability of homeowner's insurance
- Reform the FAIR Plan's governance, capital structure, and claims handling to reduce reliance on policyholder assessments and speed the return of homeowners to the voluntary market

We appreciate your effort to undertake these much-needed reforms and stand ready to engage in a public and transparent deliberation.

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CLIMATE ACTION CAMPAIGN

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