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12/12/2025

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

RE: Cost of Capital Proceeding ([A.25-03-010](#), [A.25-03-011](#), [A.25-03-012](#), and [A.25-03-013](#))

Dear California Public Utilities Commission,

California electricity and gas rates have surged in recent years, contributing to an energy affordability crisis across the state. The state's large investor-owned utilities (IOUs), however, have requested high increases in their rate of return on equity (ROE) as part of the Cost of Capital Proceeding—increases that would be passed on to ratepayers and further exacerbate this affordability crisis. We ask that the Commission instead *reduce* the approved ROE, which is already higher than the national average and, we believe, much higher than is necessary to attract capital for utility investments.

The current ROEs for the state's large IOUs—SoCal Gas, San Diego Gas & Electric (SDG&E), Pacific Gas & Electric (PG&E), and Southern California Edison (SCE)—range from 10.08–10.33%. The proposed ROEs for these utilities range from 11.0%–11.75%. In contrast, the national average ROE in 2024, as cited by the Administrative Law Judge Jonathan Lakey in the [proposed decision](#) for this proceeding, was 9.78% for electric utilities and 9.65% for gas utilities. In this proceeding, two of the four IOUs—SDG&E and SCE—have requested unprecedented rates of return on equity that are *higher than any approved in [20 years](#)*, and the requested rate for SoCal Gas is higher than any approved rate for the ten years for which we have data (2016-2025). PG&E's requested rate is higher than any of its approved rates of ROE since 2012.

The communities we work with are already facing high energy cost burdens, and are struggling to pay for their bills alongside high housing, transportation, and overall living costs. Ensuring a reasonable ROE will help protect households from overwhelming utility bills, and improve affordability for all families and businesses across California. We respectfully ask the Commission to consider lowering the approved ROE and consider the bill impacts of its decision when making a final determination in this Cost of Capital proceeding.

Thank you for your consideration on this matter.

Sincerely,

The Disadvantaged Communities Advisory Group