

Summary of July 12th Wildfire Package

Summary of AB 1054

- Establishes the California Wildfire Safety Advisory Board (CWSAB)
 - Requires the board, among other actions, to advise and make recommendations related to wildfire safety to the Wildfire Safety Division or, after July 1, 2021, the Office of Energy Infrastructure Safety.
 - Requires the CWSAB to review and provide comments and advisory opinions to each local publicly-owned electric utility (POU) and electrical cooperative regarding the context and sufficiency of its wildfire mitigation plans.
- Requires the California Public Utilities Commission (CPUC), to allow cost recovery if the costs and expenses are determined just and reasonable based on reasonable conduct by the electrical corporation.
 - Requires CPUC to allow cost recovery if the costs and expenses are determined just and reasonable based on reasonable conduct by the electrical corporation.
 - If an electrical corporation has a valid safety certification, the electrical corporation's conduct is deemed reasonable unless a party creates serious doubt as to the reasonableness of the corporation's conduct.
 - Requires, once serious doubt has been raised, the electrical corporation to have the burden of dispelling the doubt and proving the conduct was reasonable.
- Requires the state's three large investor-owned utilities to make \$5 billion of investments in wildfire mitigation with no shareholder returns on the investment.
- PG&E would need to successfully exit bankruptcy by June 30, 2020 in order to access the Wildfire Fund.
- Establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire. It will be funded by an initial combined investment of \$21 billion from California's surplus fund which will be paid back over time from the following:
 - \$10.5 billion from IOU ratepayers funded through an extension of the existing DWR bond charge; plus
 - \$10.5 billion from IOU shareholders, consisting of
 - (a) \$7.5 billion from immediate IOU contributions (~\$450 million from SDG&E, ~\$2.4 billion from SCE, and ~\$4.8 billion from PG&E) and
 - (b) \$300 million from IOU annual contributions.
- PG&E, SCE and SDG&E have announced that they will join the fund. POU's would be allowed to access the fund also if they make contributions according to a specific formula.
- Expands the definition of "change of control" in order to allow PUC review of any sale of part of PG&E's assets so that workers and ratepayers are protected from cost shifts or other bad outcomes.

Passed by the Legislature on July 12 and signed by the Governor on July 12, 2019. Effective immediately.

Summary of AB 111

- Establishes the California Catastrophe Response Council which will oversee the CA Earthquake Authority and the Wildfire Fund Administrator who oversees and operates the “Wildfire Fund”.
- Creates the Wildfire Safety Division and Advisory Board at the PUC (the Division transfers to the Office of Energy Infrastructure and Safety on July 1, 2021).
- Creates the Office of Energy Infrastructure Safety within the Natural Resources Agency.

Passed by the Legislature on July 12 and signed by the Governor on July 12, 2019. Effective immediately.