Bill Text: CA SB350 | 2019-2020 | Regular Session | Chaptered California Senate Bill 350 ***(Prior Session Legislation)***

Bill Title: The Golden State Energy Act.

Spectrum: Partisan Bill (Democrat 4)

Status: *(Passed)* 2020-07-01 - Chaptered by Secretary of State. Chapter 27, Statutes of 2020. [SB350 Detail]

Download: California-2019-SB350-Chaptered.html

Senate Bill No. 350

CHAPTER 27

An act to amend Section 564 of, and to add Sections 568.6 and 1240.655 to, the Code of Civil Procedure, to add Article 10 (commencing with Section 63049.70) to Chapter 2 of Division 1 of Title 6.7 of the Government Code, and to amend Sections 748.1, 3289, and 3292 of, to amend and renumber Section 855 of, to add Sections 222.5 and 713 to, to add Article 7 (commencing with Section 1825) to Chapter 9 of Part 1 of Division 1 of, and to add Division 1.7 (commencing with Section 3400) to, the Public Utilities Code, relating to energy.

[Approved by Governor June 30, 2020. Filed with Secretary of State June 30, 2020.]

LEGISLATIVE COUNSEL'S DIGEST

SB 350, Hill. The Golden State Energy Act.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law authorizes the commission to fix just and reasonable rates and charges for public utilities.

Existing law authorizes the commission to petition a court to appoint a receiver when the commission determines, after notice and hearing, that a water or sewer system corporation is unable or unwilling to adequately serve its ratepayers, has been actually or effectively abandoned by its owners, or is unresponsive to the commission's rules or orders.

This bill would authorize the commission to petition a court to appoint a receiver to assume possession of Pacific Gas and Electric Company's property and to operate its electrical and gas systems if the commission determines in a proceeding that the appointment of a receiver is warranted pursuant to the processes or procedures set forth in a specified commission investigation. The bill would authorize a court to appoint such a receiver and would require the receiver to control and operate Pacific Gas and Electric Company upon such terms and conditions as the court prescribes.

This bill would authorize the Governor, or the Governor's designee, to incorporate Golden State Energy as a nonprofit public benefit corporation for the purpose of owning, controlling, operating, or managing electrical and gas services for its ratepayers and for the benefit of all Californians. The bill would establish a 9-member board of directors for Golden State Energy and would provide for the appointment of the initial board members, as provided. The bill would require the initial board to amend Golden State Energy's bylaws to include procedures for the transition to a board consisting of 6 board members who are elected by Golden State Energy's customers, as specified, and 3 board members who are appointed, as provided.

This bill would expressly provide that Golden State Energy is a nonprofit public benefit corporation, subject to all statutory provision and regulatory authority of the commission as an electrical corporation and gas corporation, except as specified. The bill would require the commission, upon a specified event occurring, to initiate a proceeding to modify the rules and processes that apply to Pacific Gas and Electric Company as necessary to reflect the differences in Golden State Energy's capital structure to ensure continued regulation of rates, electrical and gas safety, wildfire mitigation, climate change mitigation and adaption, public purpose programs, and any other commission requirements applicable to an electrical corporation or gas corporation.

This bill would require Golden State Energy, in each general rate case or attrition year adjustment application, to apply for a revenue requirement sufficient to pay for operations and maintenance costs, pay for administrative and general expenses, service debt, pay the costs of commission approved capital expenditures not funded from debt, and fund and maintain necessary financial and operating reserves. The bill would require the commission, in each Golden State Energy general rate case or attrition year adjustment, to consider, modify if necessary, and adopt a general rate case revenue requirement adequate to furnish and maintain efficient, just and

reasonable service, instrumentalities, equipment, and facilities to promote the safety, health, comfort, and convenience of Golden State Energy's customers, employees, and the public, and to authorize Golden State Energy to issue debt as necessary to maintain and operate its assets consistent with the applicable revenue requirement.

Existing law authorizes a public utility to issue stocks and stock certificates or other evidence of interest or ownership, and bonds, notes, and other evidence of indebtedness for specified purposes, including for the acquisition of property.

This bill would authorize Golden State Energy to additionally issue debt to facilitate the acquisition of the property, as defined, of Pacific Gas and Electric Company, as specified.

Existing law prohibits electrical corporations and gas corporations from recovering fines and penalties through rates approved by the commission.

This bill would exclude Golden State Energy from that prohibition.

Existing law authorizes electrical corporations and gas corporations to use eminent domain to acquire any property necessary for the construction and maintenance of their electric or gas plants.

This bill would authorize Golden State Energy to commence an eminent domain action to acquire Pacific Gas and Electric Company if the commission determines that Pacific Gas and Electric Company's certificate of public convenience and necessity for the provision of electrical or gas service should be revoked pursuant to any processes or procedures adopted by the commission in a specified commission investigation. The bill would authorize Golden State Energy to take possession of Pacific Gas and Electric Company upon deposit in court, and prompt release, of an amount determined by the court to be the probable amount of just compensation.

Existing law provides mechanisms for electrical corporations to recover costs and expenses arising from covered wildfires, as defined, and establishes the Wildfire Fund to pay eligible claims arising from a covered wildfire. Existing law specifies the funding sources for the fund, which include, among other sources, contributions from electrical corporations and revenues generated from a specified charge imposed on the ratepayers of an electrical corporation.

This bill would authorize Golden State Energy to similarly participate in the fund following the closing of its acquisition of Pacific Gas and Electric Company, as specified.

The Bergeson-Peace Infrastructure and Economic Development Bank Act establishes the California Infrastructure and Economic Development Bank (I-Bank) in the Governor's Office of Business and Economic Development. Existing law, among other things, authorizes the I-Bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities.

This bill would specify that the financing of energy and project costs on behalf of Golden State Energy is in the public interest and eligible for financing by the I-Bank or by a special purpose trust, as specified. The bill would authorize the I-Bank to issue bonds and loan the proceeds to Golden State Energy, as specified. The bill would specify that bonds or other indebtedness issued pursuant to this financing do not constitute a debt or liability of the state or of any political subdivision of the state other than the I-Bank or the special purpose trust, and are payable solely from the funds of, and any security provided by, Golden State Energy.

This bill would provide that any and all Golden State Energy indebtedness, their transfer, and the payments or income therefrom are at all times free from income taxation of every kind by the state.

Existing law prohibits a public utility from purchasing or acquiring, any part of the capital stock of any other public utility without having been first authorized to do so by the commission, as specified. Existing law prohibits a person or corporation from merging, acquiring, or controlling, either directly or indirectly, any public utility organized and doing business in this state without first securing authorization to do so from the commission.

This bill would exempt the acquisition of Pacific Gas and Electric Company by Golden State Energy from the above prohibitions if Golden State Energy, or its subsidiary, agrees to assume, take assignment of, and be bound by all collective bargaining agreements and related obligations, assume any obligations for funding under pension plans then in effect, and, in the event the transfer is made as part of Pacific Gas and Electric Company's and PG&E Corporation's bankruptcy cases, adopt and be bound by the terms and provisions set forth in a specified reorganization plan.

(2) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because certain of the above requirements would be a part of the act, and because a violation of an action of the commission implementing the above requirements would be a crime, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Digest Key

Vote: majority Appropriation: no Fiscal Committee: yes Local Program: yes

---

Bill Text

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 564 of the Code of Civil Procedure is amended to read:

564. (a) A receiver may be appointed, in the manner provided in this chapter, by the court in which an action or proceeding is pending in any case in which the court is empowered by law to appoint a receiver.

(b) A receiver may be appointed by the court in which an action or proceeding is pending, or by a judge of that court, in the following cases:

(1) In an action by a vendor to vacate a fraudulent purchase of property, or by a creditor to subject any property or fund to the creditor's claim, or between partners or others jointly owning or interested in any property or fund, on the application of the plaintiff, or of any party whose right to or interest in the property or fund, or the proceeds of the property or fund, is probable, and where it is shown that the property or fund is in danger of being lost, removed, or materially injured.

(2) In an action by a secured lender for the foreclosure of a deed of trust or mortgage and sale of property upon which there is a lien under a deed of trust or mortgage, where it appears that the property is in danger of being lost, removed, or materially injured, or that the condition of the deed of trust or mortgage has not been performed, and that the property is probably insufficient to discharge the deed of trust or mortgage debt.

(3) After judgment, to carry the judgment into effect.

(4) After judgment, to dispose of the property according to the judgment, or to preserve it during the pendency of an appeal, or pursuant to the Enforcement of Judgments Law (Title 9 (commencing with Section 680.010)), or after sale of real property pursuant to a decree of foreclosure, during the redemption period, to collect, expend, and disburse rents as directed by the court or otherwise provided by law.

(5) Where a corporation has been dissolved, as provided in Section 565.

(6) Where a corporation is insolvent, or in imminent danger of insolvency, or has forfeited its corporate rights.

(7) In an action of unlawful detainer.

(8) At the request of the Public Utilities Commission pursuant to Section 1825 or 1826 of the Public Utilities Code.

(9) In all other cases where necessary to preserve the property or rights of any party.

(10) At the request of the Office of Statewide Health Planning and Development, or the Attorney General, pursuant to Section 129173 of the Health and Safety Code.

(11) In an action by a secured lender for specific performance of an assignment of rents provision in a deed of trust, mortgage, or separate assignment document. The appointment may be continued after entry of a judgment for specific performance if appropriate to protect, operate, or maintain real property encumbered by a deed of trust or mortgage or to collect rents therefrom while a pending nonjudicial foreclosure under power of sale in a deed of trust or mortgage is being completed.

(12) In a case brought by an assignee under an assignment of leases, rents, issues, or profits pursuant to subdivision (g) of Section 2938 of the Civil Code.

(c) A receiver may be appointed, in the manner provided in this chapter, including, but not limited to, Section 566, by the superior court in an action brought by a secured lender to enforce the rights provided in Section 2929.5 of the Civil Code, to enable the secured lender to enter and inspect the real property security for the purpose of determining the existence, location, nature, and magnitude of any past or present release or threatened release of any hazardous substance into, onto, beneath, or from the real property security. The secured lender shall not abuse the right of entry and inspection or use it to harass the borrower or tenant of the property. Except in case of an emergency, when the borrower or tenant of the property has abandoned the premises, or if it is impracticable to do so, the secured lender shall give the borrower or tenant of the property reasonable notice of the secured lender's intent to enter and shall enter only during the borrower's or tenant's normal business hours. Twenty-four hours' notice shall be presumed to be reasonable notice in the absence of evidence to the contrary.

(d) Any action by a secured lender to appoint a receiver pursuant to this section shall not constitute an action within the meaning of subdivision (a) of Section 726.

(e) For purposes of this section:

(1) "Borrower" means the trustor under a deed of trust, or a mortgagor under a mortgage, where the deed of trust or mortgage encumbers real property security and secures the performance of the trustor or mortgagor under a loan, extension of credit, guaranty, or other obligation. The term includes any successor in interest of the trustor or mortgagor to the real property security before the deed of trust or mortgage has been discharged, reconveyed, or foreclosed upon.

(2) "Hazardous substance" means any of the following:

(A) Any "hazardous substance" as defined in subdivision (h) of Section 25281 of the Health and Safety Code.

(B) Any "waste" as defined in subdivision (d) of Section 13050 of the Water Code.

(C) Petroleum including crude oil or any fraction thereof, natural gas, natural gas liquids, liquefied natural gas, or synthetic gas usable for fuel, or any mixture thereof.

(3) "Real property security" means any real property and improvements, other than a separate interest and any related interest in the common area of a residential common interest development, as the terms "separate interest," "common area," and "common interest development" are defined in Sections 4095, 4100, and 4185 of the Civil Code, or real property consisting of one acre or less that contains 1 to 15 dwelling units.

(4) "Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment, including continuing migration, of hazardous substances into, onto, or through soil, surface water, or groundwater.

(5) "Secured lender" means the beneficiary under a deed of trust against the real property security, or the mortgagee under a mortgage against the real property security, and any successor in interest of the beneficiary or mortgagee to the deed of trust or mortgage.

SEC. 2. Section 568.6 is added to the Code of Civil Procedure, to read:

568.6. A receiver appointed at the request of the Public Utilities Commission pursuant to Section 1825 of the Public Utilities Code shall control and operate Pacific Gas and Electric Company upon such terms and conditions as the court prescribes.

SEC. 3. Section 1240.655 is added to the Code of Civil Procedure, to read:

1240.655. (a) If Golden State Energy commences an eminent domain action to acquire Pacific Gas and Electric Company property, including any franchise rights and stock, pursuant to Section 713 of the Public Utilities Code, that acquisition is for a more necessary public use pursuant to Section 1240.610. Golden State Energy may exclude from the acquisition only property not directly related to providing electrical or gas service.

(b) For purposes of this section, the following definitions apply:

(1) "Golden State Energy" has the same meaning as defined in Section 222.5 of the Public Utilities Code.

(2) "Pacific Gas and Electric Company" means Pacific Gas and Electric Company, PG&E Corporation, any subsidiary or affiliate of the foregoing holding any assets related to the provision of electrical or gas service within Pacific Gas and Electric Company's service territory, and any successor to any of the foregoing.

SEC. 4. Article 10 (commencing with Section 63049.70) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

Article 10. Golden State Energy Financing

63049.70. (a) Notwithstanding this division, the financing of energy and project costs on behalf of Golden State Energy, as defined in Section 222.5 of the Public Utilities Code, shall be deemed to be in the public interest and eligible for financing by the bank or by a special purpose trust established pursuant to this division. That financing shall be treated as financing of an economic development facility for purposes of this division, except that Article 3 (commencing with Section 63040) and Article 5 (commencing with Section 63043) shall not apply to any financing undertaken on behalf of Golden State Energy.

(b) The bank may issue bonds pursuant to Chapter 5 (commencing with Section 63070) and may loan the proceeds thereof to Golden State Energy, and deposit the proceeds into a separate account, or use the proceeds to refund bonds previously issued under this article. Bond proceeds may also be used to fund necessary reserves, capitalized interest, credit enhancement costs, or costs of issuance.

(c) Bonds or other indebtedness issued pursuant to this article shall not be deemed to constitute a debt or liability of the state or of any political subdivision of the state other than the bank or any special purpose trust established pursuant to this division, but shall be payable solely from the funds of, and any security provided by, Golden State Energy.

SEC. 5. Section 222.5 is added to the Public Utilities Code, to read:

222.5. "Golden State Energy" means the nonprofit public benefit corporation that is incorporated and operating pursuant to Division 1.7 (commencing with Section 3400).

SEC. 6. Section 713 is added to the Public Utilities Code, to read:

713. (a) (1) Golden State Energy may commence an eminent domain action to acquire all or substantially all of Pacific Gas and Electric Company only if the commission determines that Pacific Gas and Electric Company's certificate of public convenience and necessity for the provision of electrical or gas service should be revoked pursuant to any process or procedures adopted by the commission in its Decision 20-05-053. Golden State Energy may exclude from the acquisition only property not directly related to providing electrical or gas service.

(2) Golden State Energy may take possession of Pacific Gas and Electric Company property upon deposit in court, and prompt release, of an amount determined by the court to be the probable amount of just compensation.

(b) For purposes of this section, the following definitions apply:

(1) "Decision 20-05-053" means Decision 20-05-053 (May 28, 2019) Decision Approving Reorganization Plan in Investigation 19-09-016 (September 26, 2019) Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

(2) "Pacific Gas and Electric Company" means Pacific Gas and Electric Company, PG&E Corporation, any subsidiary or affiliate of the foregoing holding any assets related to the provision of electrical or gas service within Pacific Gas and Electric Company's service territory, and any successor to any of the foregoing.

(3) "Property" has the same meaning as defined in Section 1235.170 of the Code of Civil Procedure, including any franchise rights and stock.

SEC. 7. Section 748.1 of the Public Utilities Code is amended to read:

748.1. Except for Golden State Energy, an electrical corporation or gas corporation shall not recover, through a rate approved by the commission, a fine or penalty.

SEC. 8. Section 855 of the Public Utilities Code is amended and renumbered to read:

1826. Whenever the commission determines, after notice and hearing, that any water or sewer system corporation is unable or unwilling to adequately serve its ratepayers, has been actually or effectively abandoned by its owners, or is unresponsive to the rules or orders of the commission, the commission may petition the superior court for the county within which the corporation has its principal office or place of business for the appointment of a receiver to assume possession of its property and to operate its system upon such terms and conditions as the court shall prescribe. The court may require, as a condition to the appointment of the receiver, that a sufficient bond be given by the receiver and conditioned upon compliance with the orders of the court and the commission, and the protection of all property rights involved. The court shall provide for disposition of the facilities and system in like manner as any other receivership proceeding in this state.

SEC. 9. Article 7 (commencing with Section 1825) is added to Chapter 9 of Part 1 of Division 1 of the Public Utilities Code, to read:

Article 7. Receiverships

1825. (a) If the commission determines in a proceeding that the appointment of a receiver is warranted pursuant to the processes or procedures adopted by the commission in its Decision 20-05-053, the commission may petition the superior court for the county within which Pacific Gas and Electric Corporation has its principal office or place of business for the appointment of a receiver, as provided in paragraph (8) of subdivision (b) of Section 564 of the Code of Civil Procedure, to assume possession of Pacific Gas and Electric Company's property and to operate its system.

(b) For purposes of this section, both of the following definitions apply:

(1) "Decision 20-05-053" means Decision 20-05-053 (May 28, 2019) Decision Approving Reorganization Plan in Investigation 19-09-016 (September 26, 2019) Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

(2) "Pacific Gas and Electric Company" means Pacific Gas and Electric Company, PG&E Corporation, any subsidiary or affiliate of the foregoing holding any assets related to the provision of electrical or gas service within Pacific Gas and Electric Company's service territory, and any successor to any of the foregoing.

SEC. 10. Section 3289 of the Public Utilities Code is amended to read:

3289. (a) (1) No later than July 26, 2019, the commission shall initiate a rulemaking proceeding to consider using its authority pursuant to Section 701 to require each electrical corporation, except a regional electrical corporation that chooses not to participate in any fund pursuant to Chapter 3 (commencing with Section 3291), to collect a nonbypassable charge from ratepayers of the electrical corporation to support the fund, including the payment of any bonds issued pursuant to Division 28 (commencing with Section 80500) of the Water Code, as follows:

(A) For a large electrical corporation, a charge in an amount sufficient to fund the revenue requirement, as established pursuant to Section 80524 of the Water Code.

(B) For a regional electrical corporation, the amount equal to one-half cent per kilowatt-hour ($0.005/kWh).

(2) If the commission determines that the imposition of the charge described in paragraph (1) is just and reasonable, and that it is appropriate to exercise its authority pursuant to Section 701 to do so, the commission shall direct each electrical corporation to impose and collect that charge commencing in the month immediately following the month in which the final imposition of the revenue requirement with respect to bonds previously issued pursuant to Division 27 (commencing with Section 80000) of the Water Code is made. The charge shall be collected in the same manner as that for the payments made to reimburse the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(b) Notwithstanding any other law, no later than 90 days after the initiation of the rulemaking proceeding, the commission shall adopt a decision regarding the imposition of the charge.

(c) Notwithstanding Section 455.5 or 1708, or any other law, the commission shall not revise, amend, or otherwise modify a decision to impose a charge made pursuant to this section at any time before January 1, 2036.

(d) If the administrator authorizes Golden State Energy to participate in the fund pursuant to subdivision (d) of Section 3292, Golden State Energy's ratepayers shall be subject to the nonbypassable charge previously imposed by the commission pursuant to this section.

SEC. 11. Section 3292 of the Public Utilities Code is amended to read:

3292. (a) If, no later than July 27, 2019, each large electrical corporation not subject to an insolvency proceeding on July 12, 2019, notifies the commission of its commitment to provide the initial contribution and the annual contributions, and subsequently provides its initial contribution as set forth in paragraph (3) of subdivision (b), the fund shall be established to pay eligible claims as set forth in subdivision (f) and obtain reimbursement from electrical corporations as set forth in subdivision (h).

(b) Except as provided in subdivision (d), to participate in the fund established pursuant to subdivision (a), an electrical corporation shall satisfy the following conditions by no later than June 30, 2020:

(1) The electrical corporation is not, and has not been since July 12, 2019, the subject of an insolvency proceeding or on criminal probation unless the electrical corporation meets the following conditions:

(A) The electrical corporation's insolvency proceeding has been resolved pursuant to a plan or similar document not subject to a stay.

(B) The bankruptcy court or a court of competent jurisdiction, in the insolvency proceeding, has determined that the resolution of the insolvency proceeding provides funding or establishes reserves for, provides for assumption of, or otherwise provides for satisfying any prepetition wildfire claims asserted against the electrical corporation in the insolvency proceeding in the amounts agreed upon in any pre-insolvency proceeding settlement agreements or any post-insolvency settlement agreements, authorized by the court through an estimation process or otherwise allowed by the court.

(C) The commission has approved the reorganization plan and other documents resolving the insolvency proceeding, including the electrical corporation's resulting governance structure as being acceptable in light of the electrical corporation's safety history, criminal probation, recent financial condition, and other factors deemed relevant by the commission.

(D) The commission has determined that the reorganization plan and other documents resolving the insolvency proceeding are (i) consistent with the state's climate goals as required pursuant to the California Renewables Portfolio Standard Program and related procurement requirements of the state and (ii) neutral, on average, to the ratepayers of the electrical corporation.

(E) The commission has determined that the reorganization plan and other documents resolving the insolvency proceeding recognize the contributions of ratepayers, if any, and compensate them accordingly through mechanisms approved by the commission, which may include sharing of value appreciation.

(2) For a regional electrical corporation, it has voluntarily established a charge required by the commission pursuant to Section 3289. This charge shall be included on monthly bills for customers. Collections on that charge shall be remitted, on a monthly basis, to the administrator for deposit into the fund.

(3) Except as provided in subdivision (e), the electrical corporation has provided its initial contribution to the fund no later than September 10, 2019. Initial contributions shall not be recovered from the ratepayers of an electrical corporation, except Golden State Energy.

(c) Each participating electrical corporation shall make its annual contribution by January 1 of each calendar year, including, without limitation, any annual contributions for calendar years in which the electrical corporation, or another electrical corporation to which the electrical corporation is the successor, was not a participating electrical corporation. Annual contributions shall not be recovered from the ratepayers of an electrical corporation, except Golden State Energy.

(d) (1) The administrator may, and in the case of Golden State Energy shall, authorize an electrical corporation that is formed after July 12, 2019, to participate in the fund if the administrator determines that the electrical corporation meets the requirements of this section. Authorization of an electrical corporation that is formed after July 12, 2019, shall be effective as of a date determined by the administrator and shall apply to covered wildfires after the date of authorization.

(2) If Golden State Energy is the successor to Pacific Gas and Electric Company and Pacific Gas and Electric Company made its initial contribution and, if applicable, annual contributions to the fund, the administrator shall not require Golden State Energy to commit to making, or make, its own initial contribution, or annual contributions for a period for which Pacific Gas and Electric Company already made its annual contributions, in order to participate in the fund and the administrator shall authorize Golden State Energy to participate in the fund if Golden State Energy, within 15 days of closing of the acquisition of Pacific Gas and Electric Company, notifies the commission of its commitment to make annual contributions to the fund.

(e) An electrical corporation that is the subject of an insolvency proceeding on July 12, 2019, that wishes to participate in the fund shall (1) no later than July 27, 2019, provide written notification to the commission of its election to participate in the fund, and (2) no later than September 10, 2019, obtain approval from the bankruptcy court or a court of competent jurisdiction of its determination to pay, and approval of its payment of, the initial contribution and, as they become due, annual contributions to the fund, provided that the contributions shall not be due to the fund until the date the electrical corporation exits the insolvency proceeding. The electrical corporation shall not be entitled to seek payments from the fund pursuant to subdivision (f) until it has funded its initial contribution and has met the other conditions provided in subdivision (b). Participation of an electrical corporation that is the subject of an

insolvency proceeding that satisfies the requirements of this subdivision shall be effective as of July 12, 2019, and shall apply to covered wildfires, provided that the fund shall not pay more than 40 percent of the allowed amount of a claim arising between July 12, 2019, and the date the electrical corporation exits bankruptcy, with the balance of those claims being addressed through the insolvency proceeding.

(f) (1) An electrical corporation meeting the applicable requirements of subdivision (b) may seek payment from the fund to satisfy settled or finally adjudicated eligible claims. Only eligible claims shall be made against or paid by the fund. In accordance with the procedures established by the administrator, the administrator shall review and approve any settlement of an eligible claim as being in the reasonable business judgment of the electrical corporation before releasing funds to the electrical corporation for payment. Settlements of subrogation claims that are less than or equal to 40 percent of total asserted claim value as determined by the administrator shall be paid unless the administrator finds that the exceptional facts and circumstances surrounding the underlying claim do not justify the electrical corporation's exercise of such business judgment. To the extent approved by the administrator, a settlement shall not be subject to further review by the commission.

(2) The administrator shall approve a settlement of an eligible claim that is a subrogation claim if the settlement exceeds 40 percent of the total asserted claim value, as determined by the administrator, and includes a full release of the balance of the asserted claim so long as the administrator finds that the electrical corporation exercised its reasonable business judgment in determining to settle for a higher percentage or on different terms based on a determination that the specific facts and circumstances surrounding the underlying claim justify a higher settlement percentage or different terms. A subrogation claim that is finally adjudicated shall be paid in the full judgment amount.

(g) Except for Golden State Energy, all initial and annual contributions shall be excluded from the measurement of the authorized capital structure.

(h) (1) Except as provided in paragraph (2), within six months after the commission adopts a decision in an application filed pursuant to Section 1701.8, the electrical corporation shall reimburse the fund for the full amount of costs and expenses the commission determined were disallowed pursuant to Section 1701.8.

(2) (A) The obligation of an electrical corporation to reimburse the fund shall be the lesser amount of subparagraph (B) or (C).

(B) The costs and expenses determined not to be just and reasonable pursuant to Section 1701.8.

(C) The amount determined pursuant to clause (i) minus the amount determined pursuant to clause (ii).

(i) (I) Except as specified in subclause (II), for each electrical corporation, 20 percent of the electrical corporation's total transmission and distribution equity rate base, including, but not limited to, its Federal Energy Regulatory Commission (FERC) assets, as determined by the administrator for the calendar year in which the disallowance occurred.

(II) For Golden State Energy's first twelve months of participation in the fund, an amount equal to 20 percent of Pacific Gas and Electric Company's total transmission and distribution equity rate base, including, but not limited to, its Federal Energy Regulatory Commission assets, at the time of the closing of the acquisition of Pacific Gas and Electric Company, as determined by the commission. For Golden State Energy's subsequent years of participation in the fund, an amount determined by the commission that is equivalent to the amount specified in subclause (I) for electrical corporations with an equity rate base.

(ii) The sum of (I) the amounts actually reimbursed to the fund for costs and expenses that were determined not to be just and reasonable pursuant to Section 1701.8 during the measurement period, added to (II) the amount of any reimbursements to the fund owed by the electrical corporation for costs and expenses disallowed during the measurement period that have not yet been paid.

(iii) For purposes of this subparagraph, "measurement period" means the period of three consecutive calendar years ending on December 31 of the year in which the calculation is being performed.

(D) The administrator shall publish calculations of the amounts determined pursuant to subparagraphs (B) and (C) on or before January 1 of each calendar year for each electrical corporation.

(E) Except as provided in paragraph (3), the electrical corporation shall not be required to reimburse the fund for any additional amounts in any three-calendar-year period.

(F) The limitation set forth in this section shall apply only so long as the fund has not been terminated pursuant to subdivision (i).

(3) Paragraph (2) does not apply under either of the following circumstances:

(A) If the administrator determines that the electrical corporation's actions or inactions that resulted in the covered wildfire constituted conscious or willful disregard of the rights and safety of others.

(B) If the electrical corporation failed to maintain a valid safety certification on the date of the ignition.

(i) (1) The administrator shall, to the extent practicable, manage the fund to prioritize the use of electrical corporation contributions before the use of ratepayer contributions.

(2) The fund shall terminate when the administrator determines that the fund resources are exhausted, taking into account the amount of any unpaid liabilities including necessary reserves, any remaining unpaid annual contributions from participating electrical corporations, and the charges authorized pursuant to Section 3289. Upon the determination of the administrator that the fund shall be terminated, the administrator shall pay all remaining eligible claims and fund expenses, and liquidate any remaining assets. The

remaining funds shall be transferred to the General Fund. It is the intent of the Legislature that any funds transferred to the General Fund pursuant to this paragraph shall be appropriated to support wildfire mitigation.

(j) Notwithstanding subdivision (f), a regional electrical corporation's access to the fund to pay eligible claims shall be limited to three times the sum of the regional electrical corporation's initial contribution and any funded annual contributions per covered wildfire.

SEC. 12. Division 1.7 (commencing with Section 3400) is added to the Public Utilities Code, to read:

DIVISION 1.7. Golden State Energy Act

PART 1. General Provisions

CHAPTER 1. Preliminary Matters

3400. This division shall be known, and may be cited, as the Golden State Energy Act.

3401. (a) The Legislature finds and declares all of the following:

(1) The safe, efficient, and reliable generation, procurement, transmission, distribution, and storage of energy for residents and businesses in California is essential for living and doing business in California. The economic strength and productivity of California and its residents require the availability of energy with which to operate their businesses and live safely in their homes.

(2) Californians residing, working, or doing business within Pacific Gas and Electric Company's service territory deserve to be served by a utility that prioritizes operational safety and efficiency, is prudently managed and soundly financed, and has a capital structure that enables it to make critical safety investments.

(3) The Legislature recognizes that Pacific Gas and Electric Company may meet the requirements of Chapter 79 of the Statutes of 2019 and emerge from bankruptcy as a transformed utility that is positioned to provide Californians with access to safe, reliable, and affordable service.

(4) The purpose of this division is to ensure that if Pacific Gas and Electric Company fails to emerge from bankruptcy as a transformed utility, then Golden State Energy is duly empowered to serve in that critical role.

(b) It is the intent of the Legislature that Golden State Energy act pursuant to this division only in the event that a transformed utility does not emerge from the bankruptcy or the transformed utility fails to meet its duty to provide safe, reliable, and affordable energy services.

(c) A failure of Pacific Gas and Electric Company to exit bankruptcy will result in a risk to or delay of fair compensation to the victims that have already been waiting years to put their lives back together. It is therefore the intent of the Legislature that, should Pacific Gas and Electric Company not exit its bankruptcy, Golden State Energy be positioned to take over the utility and compensate victims.

(d) It is the intent of the Legislature that the commission regulate Golden State Energy as an electrical and gas corporation, except that the commission should recognize its status as a nonprofit public benefit corporation, which does not have shareholders and operates for its customers and for the benefit of the people of California. Due to this difference, it is necessary to establish some alternative procedures for Golden State Energy.

3402. It is the intent of the Legislature that all of the following occur if Golden State Energy commences energy operations:

(a) The operation of Golden State Energy, as the successor to Pacific Gas and Electric Company, will be for the benefit of its customers and will lessen the burdens on the State of California. The purpose of any acquisition of Pacific Gas and Electric Company's property, including franchise rights and stock, pursuant to this division is to provide more reliable energy services with greater attention on public safety.

(b) Golden State Energy should take into account rate impacts on all customer classes and manage its operations to benefit customers throughout its entire service territory.

(c) Golden State Energy should manage its operations to best benefit the public that it serves, demonstrating leadership in the delivery of safe, reliable, clean, affordable energy.

(d) Golden State Energy should adopt procedures to encourage the election of board members who collectively reflect attributes, expertise, and experience relevant to the operation of a safe and reliable utility.

CHAPTER 2. Definitions

3410. Unless the context otherwise requires, the definitions set forth in this chapter govern the construction of this division.

3411. "Act" means the Golden State Energy Act.

3411.5. "Acquisition of Pacific Gas and Electric Company" means the acquisition of the property, as defined in Section 1235.170 of the Code of Civil Procedure, including any franchise rights and stock, of Pacific Gas and Electric Company, including by eminent domain.

3412. "Board" means Golden State Energy's board of directors described in Part 2 (commencing with Section 3420).

3412.5. "Decision 20-05-053" means Decision 20-05-053 (May 28, 2019) Decision Approving Reorganization Plan in Investigation 19-09-016 (September 26, 2019) Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other

Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

3415. "Indebtedness" means bonds, notes, commercial paper, variable rate and variable maturity securities, other obligations, and any other evidences of indebtedness issued by Golden State Energy.

3416. "Pacific Gas and Electric Company" means Pacific Gas and Electric Company, PG&E Corporation, any subsidiary or affiliate of the foregoing holding any assets related to the provision of electrical or gas service within Pacific Gas and Electric Company's service territory, and any successor to any of the foregoing.

3417. "Pacific Gas and Electric Company's service territory" means the boundaries and specifications of the company's service territory on the date of the closing of the acquisition of Pacific Gas and Electric Company.

3418. "Wildfire Fund" means the Wildfire Fund created pursuant to Section 3284.

PART 2. Golden State Energy Board Governance

3420. (a) The Governor, or the Governor's designee, may incorporate Golden State Energy as a nonprofit public benefit corporation pursuant to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code) for the purpose of owning, controlling, operating, or managing electrical and gas services for its ratepayers and for the benefit of all Californians.

(b) (1) Golden State Energy's initial board of directors shall consist of nine members.

(2) (A) The initial board members shall be appointed as follows: five members appointed by the Governor, two members appointed by the Senate Committee on Rules, and two members appointed by the Speaker of the Assembly.

(B) Of the initial board members, one appointee from each of the appointing authorities shall initially serve two-year terms, three appointees by the Governor shall initially serve four-year terms, and one appointee from each of the appointing authorities shall initially serve six-year terms.

(3) (A) The initial board of directors shall amend Golden State Energy's bylaws to include procedures for the transition to a board consisting of three appointed members, with one member appointed by each of the appointing authorities specified in paragraph (2), who shall serve four-year terms, and six members elected by Golden State Energy's customers, who shall serve a maximum of six-year terms. The procedures for the transition shall provide for the following:

(i) The initial board members serving the two-year term shall be replaced by elected members.

(ii) The initial board members serving the four-year term shall be replaced by elected members.

(iii) The initial board members serving the six-year term shall be replaced by appointed members, with one member appointed by each of the appointing authorities. The appointing authority may reappoint a board member whose term has expired.

(B) Election procedures adopted by the initial board shall include all of the following:

(i) Nomination of members for election to the board shall be based on a matrix of skills, including the following expertise and experience:

(I) Wildfire safety, preparedness, prevention, mitigation, response, or recovery.

(II) Workforce safety and safety culture.

(III) Nuclear generation safety.

(IV) Leadership in the energy or utility industry.

(V) Utility operations and engineering.

(VI) Innovation and technology in renewable energy.

(VII) Risk management, including enterprise risk management.

(VIII) Climate change mitigation or climate resilience.

(IX) Financial performance and planning.

(X) Legal, regulatory, or government experience related to utilities.

(XI) Audit.

(XII) Corporate governance or executive compensation.

(XIII) Labor relations.

(XIV) Large-scale customer experience.

(XV) Utility board experience.

(ii) Measures to maximize board member diversity and the selection of California residents located in the service territory of Golden State Energy.

(iii) Selection by the board, or a committee of the board, of a slate of candidates for election that shall include no less than two candidates for each open board seat using search firms to identify, evaluate, and recommend the most qualified candidates for election.

(iv) Incorporation of stakeholder input into the board selection process.

(C) All elected or appointed members of the board, including those appointed pursuant to paragraph (2), shall be free of conflicts of interest that violate state law or the by-laws of Golden State Energy, and shall have demonstrated expertise or experience in one or more of the areas listed in subclauses (I) to (XV), inclusive, of clause (i) of subparagraph (B).

(4) The initial board of directors shall amend Golden State Energy's bylaws to include provisions that do all of the following:

(A) Ensure that the purposes and functions of Golden State Energy are consistent with the purposes and functions of nonprofit, public benefit corporations in the state, including duties of care and conflict-of-interest standards for officers and board members of a corporation.

(B) Maintain open meeting standards and meeting notice requirements consistent with the general policies of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) and affording the public the greatest possible access, consistent with other duties of the corporation.

(C) Provide public access to corporate records consistent with the general policies of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and affording the public the greatest possible access, consistent with the other duties of the corporation.

(5) Upon the adoption or amendment of Golden State Energy's bylaws, the board shall submit the adopted or amended bylaws to the Governor, the Legislature, and the commission.

PART 3. Golden State Energy Regulation and Oversight

3430. (a) Except as otherwise provided in this division, the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code) shall apply to Golden State Energy, and Golden State Energy shall have all the powers of a nonprofit public benefit corporation formed pursuant to that part.

(b) Golden State Energy is an electrical corporation and gas corporation subject to all statutory provisions and the regulatory authority of the commission applicable to electrical or gas corporations, except as otherwise provided in this division.

(c) Insofar as this division is inconsistent with any other law, including the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code), this division shall prevail.

(d) Insofar as there is overlap in the application of oversight authority over Golden State Energy, including between the commission and the Attorney General, the commission's authority shall prevail.

3432. (a) Golden State Energy shall be exempt from the Attorney General's supervisory authority described in each of the following provisions:

(1) Paragraph (5) of subdivision (a) of Section 5142 of the Corporations Code.

(2) Section 5250 of the Corporations Code.

(3) Section 5813.5 of the Corporations Code.

(4) Section 5913 of the Corporations Code.

(5) Section 6010 of the Corporations Code.

(6) Chapter 15 (commencing with Section 6510) of Part 2 of Division 2 of Title 1 of the Corporations Code.

(7) Chapter 16 (commencing with Section 6610) of Part 2 of Division 2 of Title 1 of the Corporations Code.

(8) The Supervision of Trustees and Fundraisers for Charitable Purposes Act (Article 7 (commencing with Section 12580) of Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code).

(b) Golden State Energy shall not be required to give notice to the Attorney General pursuant to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code).

3433. A person who, pursuant to a specific provision of Golden State Energy's articles or bylaws, has the right to vote for the election of a director, on a disposition of all or substantially all of the assets of a corporation, on a merger, or on a dissolution, shall not be a member of Golden State Energy for purposes of the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code), unless the articles or bylaws designate the person as a member.

3434. (a) In addition to the purposes described in Section 817, Golden State Energy may issue debt to facilitate the acquisition of Pacific Gas and Electric Company consistent with this section.

(b) Golden State Energy may provide a rate covenant to all of its debt holders, including holders of debt issued to facilitate the acquisition of Pacific Gas and Electric Company.

(c) Before issuing debt pursuant to this section, Golden State Energy shall submit an application to the commission for the authority to do so pursuant to Section 818. Notwithstanding Section 819, with respect to debt issued to facilitate the acquisition of Pacific Gas and Electric Company, the commission shall issue an order resolving the application within 100 days of the application's submittal. Notwithstanding subdivision (d) of Section 311 and any other law, with respect to debt issued to facilitate the acquisition of Pacific Gas and Electric Company, the commission may issue an order resolving the application not sooner than 15 days following the filing and service of the proposed decision by the assigned commissioner or the administrative law judge or the filing of any alternate decision pursuant to Section 311.

(d) Pursuant to the rate covenant, in each general rate case or attrition year adjustment application, Golden State Energy shall apply for a revenue requirement sufficient to do all of the following:

(1) Pay for operations and maintenance costs, and administrative and general expenses.

(2) Service debt and satisfy any debt service coverage margin associated with the rate covenant's requirements for debt, or for the refinancing of that debt, (A) issued to fund the formation of Golden State Energy and to acquire Pacific Gas and Electric Company, (B) issued by Golden State Energy between the acquisition of Pacific Gas and Electric Company and the approval of Golden State Energy's first general rate case application, and (C) approved by the commission pursuant to a general rate case application filed by Golden State Energy, including for compliance with the regulatory requirements described in subdivision (f).

(3) Pay the costs of commission approved capital expenditures not funded from debt.

(4) Fund and maintain necessary financial and operating reserves.

(e) Concurrent with each general rate case or attrition year application, Golden State Energy shall file with the commission a debt issuance and retirement forecast summarizing the prospective estimated necessary debt issuance and estimated debt repayment during the term of the general rate case and the additional revenue requirement necessary to meet the rate covenant's requirements taking into account any additional debt issuance and repayment.

(f) In each Golden State Energy general rate case or attrition year adjustment, the commission shall do both of the following:

(1) Consider, modify if necessary, and adopt a revenue requirement adequate to furnish and maintain efficient, just and reasonable service, instrumentalities, equipment, and facilities to promote the safety, health, comfort, and convenience of its customers, employees, and the public. The commission shall only approve just and reasonable rates; however, in no event shall the commission set the revenue requirement below the amount necessary to satisfy the rate covenant's requirements.

(2) Authorize Golden State Energy to issue debt as necessary to maintain and operate its assets consistent with the revenue requirement approved by the commission for the applicable period of the general rate case.

(g) (1) No later than 45 days after (A) the earliest occurrence of a material bankruptcy event described in paragraph (2), (B) the commission determines that Pacific Gas and Electric Company's certificate of public convenience and necessity for the provision of electrical or gas service should be revoked pursuant to any processes or procedures adopted by the commission in its Decision 20-05-053, or (C) the initiation by Pacific Gas and Electric Company of a sale process for its assets or stock, the commission shall initiate a proceeding to modify the rules and processes that apply to Pacific Gas and Electric Company as necessary to reflect the differences in Golden State Energy's capital structure to ensure continued regulation of rates, electrical and gas safety, wildfire mitigation, climate change mitigation and adaption, public purpose programs, and any other commission requirements applicable to an electrical corporation or gas corporation.

(2) For purposes of this subdivision, each of the following is a material bankruptcy event:

(A) Termination of "Tort Claimants Committee Restructuring Support Agreement" (as amended) (Case 19-30088; Document No. 5143-1 (entered December 16, 2019)).

(B) Termination of "Noteholder Restructuring Support Agreement" (Case 19-30088; Document No. 5519-1 (entered January 27, 2020)).

(C) Denial of confirmation of "Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated March 16, 2020" (Case 19-30088; Document No. 6320 (entered March 16, 2020)).

(D) Failure to confirm on or before June 30, 2020, a plan for Pacific Gas and Electric Company to exit bankruptcy.

(E) Failure of the confirmed plan for Pacific Gas and Electric Company to exit bankruptcy to become effective on or before September 30, 2020.

(F) The termination of plan proposal's exclusivity period for any party other than the debtors.

(G) The filing of a plan for Pacific Gas and Electric Company to exit bankruptcy by any party other than the debtors.

(H) The appointment of a trustee, conversion to a case under Chapter 7 (commencing with Section 701) of the United State Bankruptcy Code (Title 11 of the United States Code), or dismissal of the bankruptcy cases.

(h) (1) Following the closing of the acquisition of Pacific Gas and Electric Company by Golden State Energy, the general rate case revenue requirement in effect for Pacific Gas and Electric Company on the date of the closing of the acquisition shall remain in effect until the revenue requirement is modified pursuant to this section.

(2) The test year for the initial general rate case proceeding for Golden State Energy shall occur no sooner than three years from the date of the closing of the acquisition of Pacific Gas and Electric Company.

(3) During the interim period between the closing of the acquisition of Pacific Gas and Electric Company and the commission's adoption of a new general rate case revenue requirement in a general rate case proceeding pursuant to paragraph (2), both of the following may occur.

(A) The commission shall direct Golden State Energy to file for attrition year adjustment of the existing revenue requirement.

(B) Golden State Energy may make interim modifications to the existing revenue requirement to satisfy the rate covenant, including factoring in capital expenses, debt issuances, operation and maintenance of the utility, funding reserves, and working capital needs and collection of amounts recorded in balancing accounts after the date of the acquisition of Pacific Gas and Electric by Golden State Energy. Any interim modifications to the revenue requirement shall be subject to approval of and prospective modification by the commission consistent with subdivision (f). Golden State Energy shall file an application for review of any interim modifications to its revenue requirement concurrently with the implementation of such modification.

3435. Until Golden State Energy adopts a plan to address organizational and governing issues related to safety that is approved by the commission, upon the acquisition of Pacific Gas and Electric Company, Golden State Energy shall comply with provisions set forth in Decision 20-05-053 related to all of the following:

(a) The establishment of an executive-level Chief Risk Officer and an executive-level Chief Safety Officer.

(b) The appointment of an independent safety adviser.

(c) The appointment of regional executive officers to manage specified regions of the service territory of Golden State Energy.

(d) The continuation of the safety and nuclear oversight committees.

PART 4. GOLDEN STATE ENERGY FINANCING POWER

3440. (a) Golden State Energy shall be exempt from franchise and corporate income tax pursuant to Section 23701 of the Revenue and Taxation Code. Indebtedness issued by Golden State Energy and any transfer thereof shall be exempt from income taxation of every kind by the state.

(b) Property used exclusively by Golden State Energy in carrying out its purposes in Section 3402 shall not be exempt from taxation under subdivision (b) of Section 4 of, and Section 5 of, Article XIII of the California Constitution and Section 214 of the Revenue and Taxation Code.

3442. (a) Golden State Energy indebtedness shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, or a pledge of the faith and credit of the state or of any political subdivision of the state.

(b) Golden State Energy indebtedness shall be payable solely from the funds available to it.

(c) The issuance of indebtedness shall not directly, indirectly, or contingently obligate the state or any other political subdivision of the state to levy or pledge any form of taxation or to make any appropriation for its repayment.

3444. (a) Chapter 9 (commencing with Section 5700) of Division 6 of Title 1 of the Government Code shall not apply to any bonds or other forms of indebtedness issued for the benefit, or on behalf, of Golden State Energy.

(b) Notwithstanding any other law, whenever Golden State Energy deems that it will be in the best interests of its ratepayers, it may exercise an exclusive right to select and retain, or have any conduit issuer issuing bonds or other forms of indebtedness for its benefit or on its behalf select and retain, the services of private entities, including, but not limited to, underwriters, bond counsels, tax counsels, disclosure counsels, financial advisers, bond insurers, or other entities providing risk management services for bonds or other forms of indebtedness issued for its benefit or on its behalf. Payment for any of these private entities may be made out of the proceeds of the sale of the bonds or other forms of indebtedness issued for the benefit, or on behalf, of Golden State Energy.

3446. While any indebtedness issued by or on behalf of Golden State Energy remains outstanding, the State of California pledges to the holders of any such indebtedness that the state will not limit or alter the rights vested in Golden State Energy to fulfill the terms of any loan agreement, lease, or other contract with the holders of such indebtedness, or in any way impair the rights or remedies of those holders or of the parties to the related loan agreement, lease, or contract. Golden State Energy may include this pledge in any instrument under which that indebtedness is incurred or issued or other documents entered into in connection with that indebtedness as a covenant for the benefit of the holders thereof.

PART 5. Other Matters

3450. The Legislature hereby ratifies and deems proper all acts by the Governor or the Governor's designee before the effective date of this division taken in furtherance of the establishment of Golden State Energy.

3452. This division, being necessary for the prosperity of the state and its residents, shall be liberally construed to effect its purposes.

3454. The acquisition of Pacific Gas and Electric Company by Golden State Energy, for any reason including pursuant to Section 713, shall not be subject to Sections 851 to 854, inclusive, if Golden State Energy, or its subsidiary, as part of such acquisition, agrees to do all of the following:

(a) Assume, take assignment of, and be bound by all collective bargaining agreements and related obligations, including pension and benefit agreements, then in effect that cover the business being acquired.

(b) Assume any obligations for funding under pension plans then in effect.

(c) In the event the transfer is made as part of Pacific Gas and Electric Company's and PG&E Corporation's bankruptcy cases pursuant to Chapter 11 (commencing with Section 1101) of the United States Bankruptcy Code (Title 11 of the United States Code) (Case No. 19-30088), adopt and be bound by the terms and provisions set forth on Exhibit B to the Debtors' and Shareholder Proponents' Joint Chapter 11 Plan of Reorganization Dated March 16, 2020.

3558. Nothing in this act shall be construed as diminishing or enlarging any valid existing rights under any license or franchise previously issued pursuant to federal or state law.

SEC. 13 The provisions of this act are severable. If any provision of this act or its application is held invalid, that invalidity shall not affect other provisions or applications that can be given effect without the invalid provision or application.

SEC. 14. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.