

AMENDED IN SENATE JULY 5, 2019

AMENDED IN SENATE JUNE 27, 2019

CALIFORNIA LEGISLATURE—2019–20 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1054**

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**Introduced by Assembly Members Holden, Burke, and Mayes**  
*(Coauthors: Senators Dodd and Hertzberg)*

February 21, 2019

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An act to add Chapter 16 (commencing with Section 8899.70) to Division 1 of Title 2 of the Government Code, to amend Section 10089.6 of, and to add Section 10089.55 to, the Insurance Code, to amend Sections 311, ~~451.1~~, 850, 850.1, ~~1701~~, 854, 854.2, 1701.1, 1701.3, ~~1701.4~~, ~~1702.5~~, 8386, and 8387 of, to amend the heading of Article 5.8 (commencing with Section 850) of Chapter 4 of Part 1 of Division 1 of, to amend and repeal Section ~~1711~~ 451.1 of, to add Sections ~~326~~, 326.1, 326.2, 451.3, 1701.8, ~~8386.1~~, ~~8386.2~~, 8386.3, 8386.4, and 8389 to, and to add Part 6 (commencing with Section ~~3279~~) 3280 to Division 1 of, and to repeal Sections 3291 and 3292 of, the Public Utilities Code, and to add Division 28 (commencing with Section 80500) to the Water Code, relating to public utilities, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1054, as amended, Holden. Public utilities: ~~wildfires~~. *wildfires and employee protection.*

Existing law establishes various programs for the prevention, detection, and mitigation of wildfires. Other existing law establishes the California Earthquake Authority (CEA), administered under the authority of the Insurance Commissioner, to transact insurance in this

~~state as necessary to sell policies of basic residential earthquake insurance.~~

~~This bill would create in state government the California Catastrophe Council to oversee the CEA and the Wildfire Fund Administrator, who this bill would require the council to appoint. The bill would require the council to be composed of the Governor, the Treasurer, the commissioner, and the Secretary of the Natural Resources Agency, or their designees, and a member of the public appointed by the Governor. The President pro Tempore of the Senate and the Speaker of the Assembly or their designees would be ex officio members.~~

The California Constitution establishes the Public Utilities Commission and authorizes the commission to exercise ratemaking and rulemaking authority over all public utilities, as defined, subject to control by the Legislature. The Public Utilities Act authorizes the commission to supervise and regulate every public utility, including electrical corporations, and to do all things that are necessary and convenient in the exercise of such power and jurisdiction. Existing law authorizes the commission to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable. Existing law authorizes the commission, in a proceeding on an application by an electrical corporation to recover costs and expenses arising from a catastrophic wildfire occurring on or after January 1, 2019, to allow cost recovery if the costs and expenses are just and reasonable, after consideration of the conduct of the utility, including consideration of specified factors.

~~This bill would require the commission, on or before January 1, 2020, to establish the Wildfire Safety Division within the commission. The bill would require the division to take specified actions related to wildfire safety. The bill would establish the California Wildfire Safety Advisory Board consisting of 7 members appointed by the Governor, Speaker of the Assembly, and President pro Tempore of the Senate, Senate Committee on Rules, as provided, who would serve 4-year staggered terms. The bill would require the board, among other actions, to advise and make recommendations related to wildfire safety to the division. *Wildfire Safety Division or, on and after July 1, 2021, the Office of Energy Infrastructure Safety, as established pursuant to AB 111 or SB 111 of the 2019–20 Regular Session.*~~

*This bill would require the commission and the Office of Energy Infrastructure Safety to enter into a memorandum of understanding with the commission to cooperatively develop consistent approaches*

*and share data related to electric infrastructure safety, and to share results from various safety activities, including relevant inspections and regulatory development.*

This bill would require the commission, when determining an application by an electrical corporation to recover costs and expenses arising from a covered wildfire, as defined, to allow cost recovery if the costs and expenses are determined just and reasonable based on reasonable conduct by the electrical corporation. The bill would require the commission to find that an electrical corporation's conduct was reasonable if that ~~conduct~~ *conduct, related to the ignition*, was consistent with actions that a reasonable utility would have undertaken in good faith under similar circumstances, at the relevant point in time, and based on the information available *to the electrical corporation* at the time, as provided. The bill would provide that an electrical corporation bears the burden to demonstrate, based on a preponderance of the evidence, that its conduct was reasonable, unless it has a valid safety certification for the time period in which the covered wildfire that is the subject of the application ignited. If the electrical corporation has that valid safety certification, the bill would provide that the electrical corporation's conduct would be deemed reasonable unless a party to the proceeding ~~demonstrates, based on a preponderance of the evidence, that the electrical corporation's conduct was not reasonable.~~ *creates a serious doubt as to the reasonableness of the electrical corporation's conduct. Once serious doubt has been raised, the electrical corporation would have the burden of dispelling the doubt and proving the conduct to have been reasonable.* If the commission finds that an electrical corporation has requested recovery of costs for which the commission had previously authorized cost recovery, the bill would authorize the commission to assess a penalty in an amount up to 3 times the penalty authorized by law for certain utility-related violations.

Existing law authorizes an electrical corporation to file an application requesting the commission to issue a financing order to authorize the recovery of costs and expenses related to a catastrophic wildfire through the issuance of bonds by the electrical corporation that are secured by a rate component, as provided.

This bill would ~~additional~~ *additionally* authorize an electrical corporation to file an application requesting the commission to issue a financing order to authorize the recovery of ~~significant and unavoidable costs and expenses incurred before December 31, 2035, in excess of \$1,000,000,000~~ *costs and expenses related to catastrophic wildfires*

under specified conditions through the issuance of bonds by the electrical corporation that are secured by a rate component.

This bill would establish the Wildfire Fund to pay eligible claims arising from a covered wildfire, as provided. The bill would continuously appropriate moneys in the fund to the Wildfire Fund Administrator for that purpose, thereby making an appropriation. The bill would require the commission to initiate a rulemaking proceeding to consider using its existing authority to require ~~each~~ *certain* electrical ~~corporation~~ *corporations* to collect a nonbypassable charge from its ratepayers to support the Wildfire Fund, and would require the commission to direct each electrical corporation to collect that charge if the commission determines that the imposition ~~for~~ *of* the charge is just and reasonable and that it is an appropriate exercise of its authority, as specified. The bill would specify the funding sources for the fund, which include, among other sources, contributions from electrical corporations and revenues generated from the charge.

The Public Utilities Act contains procedural requirements that are applicable to all commission hearings, investigations, and proceedings and provides that the technical rules of evidence are not applicable to those hearings, investigations, and proceedings, which are governed by the rules of practice and procedure adopted by the commission. ~~Existing law requires the commission to determine whether each proceeding is a quasi-legislative proceeding, an adjudication proceeding, or a ratesetting proceeding, and makes that determination subject to a request for rehearing.~~

This bill would require the commission to determine whether a proceeding is a catastrophic wildfire proceeding, defined as a proceeding to determine whether an electrical corporation's costs and expenses relating to a covered wildfire, as defined, are just and reasonable, as specified, and would establish procedures and standards applicable to catastrophic wildfire proceedings, as specified.

~~This bill would repeal the provision subjecting to a rehearing the commission's determination as to the type of proceeding, and would make other revisions to various commission procedures. The bill would authorize the commission, in quasi-legislative, ratesetting, and catastrophic wildfire proceedings that do not include hearings, to receive as evidence, and use as proof of any fact, reports of state and federal agencies, commission staff, and interagency and stakeholder groups, as specified, without requiring a sponsoring witness subject to cross-examination. The bill would require the commission to adopt~~

~~rules that provide for discretionary expedited treatment of proceedings related to emergencies, safety, and enforcement, and would authorize the commission to develop procedures to expedite ratesetting and catastrophic wildfire proceedings that do not require an evidentiary hearing.~~

~~Under existing law, ratesetting cases are cases in which rates are established for a specific company.~~

~~This bill would specify that cases in which a regulated public utility files an application for the approval of specific contracts or projects exceeding \$5,000,000 are also to be treated as ratesetting cases. The bill would make various changes to the rules and procedures governing ratesetting proceedings.~~

Existing law requires each electrical corporation to annually prepare and submit a wildfire mitigation plan to the commission for review and approval. Existing law requires the commission to consider whether the cost of implementing an electrical corporation's plan is just and reasonable in the electrical corporation's general rate case.

~~This bill would instead require each electrical corporation to triennially prepare a comprehensive wildfire mitigation plan and submit the plan to the commission for review and approval. The bill would require each electrical corporation, until the submission of the next comprehensive wildfire mitigation plan, to submit annually an update of the approved plan to the commission for review and approval. *require the plan, in calendar year 2020 and thereafter, to cover at least a 3-year period. The bill would authorize the division to allow the annual submissions to be updates to the plan but would require the submission of a comprehensive wildfire mitigation plan at least once every 3 years.* The bill would authorize the electrical corporation to recover the cost of implementing the plan in its general rate case, or to elect to recover the cost of implementation as accounted in a memorandum account at the conclusion of the time period covered by the plan, subject to a specified limit for a large electrical corporation. The bill would require the chief executive officer of an electrical corporation, in the electrical corporation's general rate case application, to certify that the electrical corporation has not received authorization from the commission to recover those costs in a previous proceeding. The bill would require the *executive director of the* commission to issue a safety certification to an electrical corporation if it meets certain requirements.~~

Existing law requires each local publicly owned electric utility and electrical cooperative to annually *cooperative, by January 1, 2020, and annually thereafter, to prepare a wildfire mitigation plan.*

This bill would ~~require~~ *require, after January 1, 2020, that each local publicly owned electric utility or electrical cooperative to submit the wildfire mitigation plan to the Wildfire Safety Division for review. By placing additional duties upon local public entities, the bill would impose a state-mandated local program. The bill would require the division, in consultation with the board, submit, by July 1 of each year, its plan to the California Wildfire Safety Advisory Board for review and commission. The bill would require the California Wildfire Safety Advisory Board to provide comments and an advisory opinion to the each local publicly owned electric utility or electrical cooperative on regarding the content and sufficiency of its plan and to make recommendations on how to mitigate wildfire risks. The bill would require each local publicly owned electric utility to comprehensively revise its plan at least once every 3 years.*

*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 Public Utilities Commission. Existing law, in the context of a change of control of an electrical corporation or gas corporation, requires a successor employer to retain all covered employees, as defined, for at least 180 days immediately following the effective date of a change of control. Existing law prohibits the successor employer from reducing the total compensation of a covered employee during that period. Existing law prohibits, for 2 years after the 180-day period, a successor employer from reducing the total number of employees who would have been covered employees for succession purposes below the total number of those employees who were protected during that 180-day period, unless approved by the commission. Existing law prohibits the commission from authorizing a successor employer to reduce the number of those employees unless the successor employer makes a specified showing.*

*This bill would add to the definition of “change of control” for purposes of the bill: (1) the sale of all or a material portion of the assets of the electrical corporation or gas corporation, its parent company, or its holding company, or any merger, consolidation, or acquisition of the electrical corporation or gas corporation, its parent company, or its holding company with, by, or into another corporation, entity, or*

*person, (2) the voluntary or involuntary change in ownership in assets of an electrical or gas corporation to ownership by a public entity, or (3) in the case of a combined electrical and gas corporation, the change in ownership of all or a substantial portion of either the gas or electric line of business of the combined corporation. The bill would require the posting of the required notice in a conspicuous place in a manner that is readily viewed by covered employees. The bill would require the successor employer, for 3 years after the 180-days covered employee retention period, to provide to employees who would have qualified as covered employees during the 90-day period immediately before a change of control no less than the wages, hours, and other terms and conditions of employment provided before the change of control, including any previously negotiated increase in wages, and to maintain no less than the total number of employees who would have qualified as covered employees during that 90-day period, except with commission approval based on proof of certain criteria. The bill would prohibit a person or corporation from merging, acquiring, or controlling, including a change in control as revised by this bill, either directly or indirectly, any public utility organized and doing business in this state without first securing authorization from the commission.*

Existing law, until January 1, 2003, authorizes the Department of Water Resources to enter into contracts for the purchase of electric power. Existing law authorizes the department to sell power to retail end use customers and local publicly owned electric utilities under certain circumstances. Existing law authorizes the department to issue revenue bonds and entitles the department to recover, as a revenue requirement, amounts necessary to enable it to finance the bonds and purchase electric power pursuant to these provisions.

This bill would authorize the department to issue revenue bonds, on and after either the date on which the department legally defeases all of its remaining bonds under the provisions described above or the date on which it pays those obligations in full at maturity, whichever is earlier. The bill would entitle the department to recover, as a revenue requirement, amounts necessary to enable it to finance those bonds. The bill would require the bond proceeds and revenues received by the department to be deposited in the Department of Water Resources Charge Fund, which the bill would establish. The bill would continuously appropriate the moneys in the Department of Water Resources Charge Fund to the department for specified purposes, including transfers to the Wildfire Fund and repayment of the bonds.

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 provisions would be codified in the act and would require action by the commission, a violation of which would be a crime, this 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 specified reasons:~~

~~*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.*~~

~~The bill would transfer an unspecified amount \$9,000,000 from the General Fund to the Department of Water Resources Charge Fund, thereby making an appropriation, and would additionally appropriate an unspecified amount from the General Fund to the department for the 2019–20 fiscal year for the department’s administrative costs associated with this bill. appropriation.~~

~~Existing constitutional provisions require that a statute that limits the right of access to the meetings of public bodies or the writings of public officials and agencies be adopted with findings demonstrating the interest protected by the limitation and the need for protecting that interest.~~

~~This bill would make legislative findings to that effect.~~

~~*This bill would become operative only if Assembly Bill 111 or Senate Bill 111 is enacted during the 2019–20 Regular Session and becomes effective before January 1, 2020.*~~

~~This bill would declare that it is to take effect immediately as an urgency statute.~~

~~Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.~~

~~State-mandated local program: yes.~~

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. Chapter 16 (commencing with Section 8899.70)~~  
2 ~~is added to Division 1 of Title 2 of the Government Code, to read:~~

3  
4             ~~CHAPTER 16. CALIFORNIA CATASTROPHE COUNCIL~~

5  
6     ~~8899.70. (a) There is hereby created in state government the~~  
7 ~~California Catastrophe Council to oversee the California~~  
8 ~~Earthquake Authority and the Wildfire Fund Administrator.~~

9     ~~(b) The council shall be composed of the following five~~  
10 ~~members.~~

11     ~~(1) The Governor or their designee.~~

12     ~~(2) The Treasurer or their designee.~~

13     ~~(3) The Insurance Commissioner or their designee.~~

14     ~~(4) The Secretary of the Natural Resources Agency or~~  
15 ~~their designee.~~

16     ~~(5) A member of the public appointed by the Governor.~~

17     ~~(c) The President pro Tempore of the Senate and the Speaker~~  
18 ~~of the Assembly or their respective designees shall be ex officio~~  
19 ~~members of the council.~~

20     ~~8899.71. For purposes of conducting the business of the~~  
21 ~~council, a quorum shall be three members, except that if the three~~  
22 ~~members in attendance at a meeting are the Governor, the~~  
23 ~~Treasurer, and the Insurance Commissioner, a fourth member shall~~  
24 ~~be present to establish a quorum.~~

25     ~~SEC. 2. Section 10089.6 of the Insurance Code is amended to~~  
26 ~~read:~~

27     ~~10089.6. (a) There is hereby created the California Earthquake~~  
28 ~~Authority, which shall be administered under the authority of the~~  
29 ~~commissioner and overseen by the California Catastrophe Council.~~  
30 ~~The authority shall have the powers conferred by this chapter. The~~  
31 ~~authority shall be authorized to transact insurance in this state as~~  
32 ~~necessary to sell policies of basic residential earthquake insurance~~  
33 ~~in the manner set forth in Sections 10089.26, 10089.27, and~~  
34 ~~10089.28. The authority shall have no authority to transact any~~  
35 ~~other type of insurance business.~~

36     ~~(b) (1) The investments of the authority shall be limited to those~~  
37 ~~securities eligible under Section 16430 of the Government Code.~~

1     ~~(2) The rights, obligations, and duties owed by the authority to~~  
2 ~~its insureds, beneficiaries of insureds, and applicants for insurance~~  
3 ~~shall be the same as the rights, obligations, and duties owed by~~  
4 ~~insurers to its insureds, beneficiaries of insureds, and applicants~~  
5 ~~for insurance under common law, regulations, and statutes. The~~  
6 ~~authority shall be liable to its insureds, beneficiaries of insureds,~~  
7 ~~and applicants for insurance as an insurer is liable to its insureds,~~  
8 ~~beneficiaries of insureds, and applicants for insurance under~~  
9 ~~common law, regulations, and statutes.~~

10     ~~(e) The operating expenses of the authority shall be capped at~~  
11 ~~not more than 6 percent of the premium income received by the~~  
12 ~~authority. The funds shall be available to pay any advocacy fees~~  
13 ~~awarded in a proceeding under subdivision (c) of Section 10089.11.~~

14     ~~(d) For purposes of this section, the term “operating expenses~~  
15 ~~of the authority” excludes solely the following:~~

16     ~~(1) The costs of and transaction expenses associated with~~  
17 ~~risk-transfer purchases, including the purchase of reinsurance and~~  
18 ~~with capital-market contracts.~~

19     ~~(2) The expense of securing and repaying bonds.~~

20     ~~(3) The cost of repayment of bonds guaranteed, insured, or~~  
21 ~~otherwise backed by any department or agency of the United States~~  
22 ~~or of this state, or by any private entity.~~

23     ~~(4) Payments to third parties for all of the following services~~  
24 ~~provided to the authority:~~

25     ~~(A) Investment.~~

26     ~~(B) Loss-modeling.~~

27     ~~(C) Legal services.~~

28     ~~(5) Costs associated with the authority’s efforts to acquaint the~~  
29 ~~public with and market authority products, promote earthquake~~  
30 ~~preparedness, and earthquake-loss mitigation under the authority’s~~  
31 ~~duly adopted strategic plan.~~

32     ~~(6) Producer compensation.~~

33     ~~(7) Participating insurer fees and reimbursement amounts arising~~  
34 ~~under written contracts.~~

35     ~~(8) Amounts paid by the authority to support research in seismic~~  
36 ~~science and seismic engineering.~~

37     ~~(9) Loans, grants, and expenses to support and maintain the~~  
38 ~~authority’s earthquake loss-mitigation goals and programs, whether~~  
39 ~~conducted by the authority alone or in collaboration with or by~~  
40 ~~other persons.~~

1 ~~(10) The costs of and loss-adjustment expenses associated with~~  
2 ~~adjusting and paying policyholder claims for earthquake losses~~  
3 ~~that are incurred by the authority under its earthquake insurance~~  
4 ~~policies, including all costs and expenses associated with~~  
5 ~~claim-related litigation, provided that all of those costs and~~  
6 ~~expenses shall be reported to the Legislature in the manner required~~  
7 ~~by subdivision (e) of Section 10089.13.~~

8 ~~SEC. 3. Section 10089.55 is added to the Insurance Code, to~~  
9 ~~read:~~

10 ~~10089.55. The board shall conduct the affairs of the authority~~  
11 ~~with respect to transacting earthquake insurance, including~~  
12 ~~administering the California Earthquake Authority Fund. The board~~  
13 ~~has no authority to administer the Wildfire Fund. At every meeting~~  
14 ~~of the board, the board shall post an agenda that clearly identifies~~  
15 ~~the meeting as relating to the business of earthquake insurance.~~

16 *SECTION 1. (a) The Legislature finds and declares the*  
17 *following:*

18 *(1) The increased risk of catastrophic wildfires poses an*  
19 *immediate threat to communities and properties throughout the*  
20 *state.*

21 *(2) With increased risk of catastrophic wildfires, the electrical*  
22 *corporations' exposure to financial liability resulting from wildfires*  
23 *that were caused by utility equipment has created increased costs*  
24 *to ratepayers.*

25 *(3) The creation of a wildfire insurance fund will reduce the*  
26 *costs to ratepayers in addressing utility-caused catastrophic*  
27 *wildfires.*

28 *(4) Electrical corporation need capital to fund ongoing*  
29 *operations and make new investments to promote safety, reliability,*  
30 *and California's clean energy mandates and ratepayers benefit*  
31 *from low utility capital costs in the form of reduced rates.*

32 *(5) The establishment of a wildfire fund supports the credit*  
33 *worthiness of electrical corporations, and provides a mechanism*  
34 *to attract capital for investment in safe, clean, and reliable power*  
35 *for California at a reasonable cost to ratepayers.*

36 *(b) It is the intent of the Legislature to provide a mechanism*  
37 *that allows electrical corporations that are safe actors to guard*  
38 *against impairment of their ability to provide safe and reliable*  
39 *service because of the financial effects of wildfires in their service*  
40 *territories using mechanisms that are more cost effective than*

1 traditional insurance, to the direct benefit of ratepayers and  
2 prudent electrical corporations.

3 SEC. 2. The Legislature further finds and declares the  
4 following:

5 (a) The state has dramatically increased investment in wildfire  
6 prevention and response, which must be matched by increased  
7 efforts of the electrical corporations.

8 (b) The state’s electrical corporations must invest in hardening  
9 of the state’s electrical infrastructure and vegetation management  
10 to reduce the risk of catastrophic wildfire.

11 (c) The state has a substantial interest that its electrical  
12 corporations are operating in a safe and reliable manner and have  
13 access to capital at reasonable cost to make safety investments.

14 (d) A major electrical corporation operating within the state is  
15 on criminal probation, has engaged in a series of safety violations,  
16 filed to timely pay wildfire victims, and voluntarily filed for  
17 bankruptcy pursuant to Chapter 11 (commencing with Section  
18 1101) of Title 11 of the United States Code.

19 (e) The creation of a new Wildfire Safety Division will ensure  
20 safe operations by electrical corporations and the establishment  
21 of a Wildfire Safety Advisory Board will ensure that broad expertise  
22 is available to develop best practices for wildfire reduction.

23 (f) A safety certification encourages electrical corporations to  
24 invest in safety and improve safety culture to limit wildfire risks  
25 and reduce costs.

26 (g) The first \$5 billion in safety investments in the aggregate  
27 by the large electrical corporations must be made under this act  
28 without return on equity that would have otherwise been borne by  
29 ratepayers.

30 ~~SEC. 4.~~

31 SEC. 3. Section 311 of the Public Utilities Code is amended  
32 to read:

33 311. (a) The commission, each commissioner, the executive  
34 director, and the assistant executive directors may administer oaths,  
35 certify to all official acts, and issue subpoenas for the attendance  
36 of witnesses and the production of papers, waybills, books,  
37 accounts, documents, and testimony in any inquiry, investigation,  
38 hearing, or proceeding in any part of the state.

1 (b) The administrative law judges may administer oaths,  
2 examine witnesses, issue subpoenas, and receive evidence, under  
3 rules that the commission adopts.

4 (c) The evidence in any hearing shall be taken by the  
5 commissioner or the administrative law judge designated for that  
6 purpose. The commissioner or the administrative law judge may  
7 receive and exclude evidence offered in the hearing in accordance  
8 with the rules of practice and procedure of the commission.

9 (d) Consistent with the procedures contained in Sections 1701.1,  
10 1701.2, 1701.3, 1701.4, and 1701.8, the assigned commissioner  
11 or the administrative law judge shall prepare and file an opinion  
12 setting forth recommendations, findings, and conclusions. The  
13 opinion of the assigned commissioner or the administrative law  
14 judge is the proposed decision and a part of the public record in  
15 the proceeding. The proposed decision of the assigned  
16 commissioner or the administrative law judge shall be filed with  
17 the commission and served upon all parties to the action or  
18 proceeding without undue delay, not later than 90 days after the  
19 matter has been submitted for decision. The commission shall issue  
20 its decision not sooner than 30 days following filing and service  
21 of the proposed decision by the assigned commissioner or the  
22 administrative law judge, except that the 30-day period may be  
23 reduced or waived by the commission in an unforeseen emergency  
24 situation or upon the stipulation of all parties to the proceeding or  
25 as otherwise provided by law. The commission may, in issuing its  
26 decision, adopt, modify, or set aside the proposed decision or any  
27 part of the decision. Where the modification is of a decision in an  
28 adjudicatory hearing it shall be based upon the evidence in the  
29 record. Every finding, opinion, and order made in the proposed  
30 decision and approved or confirmed by the commission shall, upon  
31 that approval or confirmation, be the finding, opinion, and order  
32 of the commission.

33 (e) Any item appearing on the commission's public agenda as  
34 an alternate item to a proposed decision or to a decision subject to  
35 subdivision (g) shall be served upon all parties to the proceeding  
36 without undue delay and shall be subject to public review and  
37 comment before it may be voted upon. For purposes of this  
38 subdivision, "alternate" means either a substantive revision to a  
39 proposed decision that materially changes the resolution of a  
40 contested issue or any substantive addition to the findings of fact,

1 conclusions of law, or ordering paragraphs. The commission shall  
2 adopt rules that provide for the time and manner of review and  
3 comment and the rescheduling of the item on a subsequent public  
4 agenda, except that the item may not be rescheduled for  
5 consideration sooner than 30 days following service of the  
6 alternative item upon all parties. The alternate item shall be  
7 accompanied by a digest that clearly explains the substantive  
8 revisions to the proposed decision. The commission's rules may  
9 provide that the time and manner of review and comment on an  
10 alternate item may be reduced or waived by the commission in an  
11 unforeseen emergency situation.

12 (f) The commission may specify that the administrative law  
13 judge assigned to a proceeding involving an electrical, gas,  
14 telephone, railroad, or water corporation, or a highway carrier,  
15 initiated by customer or subscriber complaint need not prepare,  
16 file, and serve an opinion, unless the commission finds that to do  
17 so is required in the public interest in a particular case.

18 (g) (1) Before voting on any commission decision not subject  
19 to subdivision (d), the decision shall be served on parties and  
20 subject to at least 30 days public review and comment. Any  
21 alternate to any commission decision shall be subject to the same  
22 requirements as provided for alternate decisions under subdivision  
23 (e). For purposes of this subdivision, "decision" also includes  
24 resolutions, including resolutions on advice letter filings.

25 (2) The 30-day period may be reduced or waived in an  
26 unforeseen emergency situation, upon the stipulation of all parties  
27 in the proceeding, for an uncontested matter in which the decision  
28 grants the relief requested, or for an order seeking temporary  
29 injunctive relief, ~~or~~ *or, in the case of a catastrophic wildfire*  
30 *proceeding*, may be reduced to no less than 15 days at the  
31 discretion of the assigned commissioner.

32 (3) This subdivision does not apply to uncontested matters that  
33 pertain solely to water corporations, or to orders instituting  
34 investigations or rulemakings, categorization resolutions under  
35 Sections 1701.1 to 1701.4, inclusive, and Section 1701.8, or orders  
36 authorized by law to be considered in executive session. Consistent  
37 with regulatory efficiency and the need for adequate prior notice  
38 and comment on commission decisions, the commission may adopt  
39 rules, after notice and comment, establishing additional categories

1 of decisions subject to waiver or reduction of the time period in  
2 this section.

3 (h) Notwithstanding any other provision of law, amendments,  
4 revisions, or modifications by the commission of its Rules of  
5 Practice and Procedure shall be submitted to the Office of  
6 Administrative Law for prior review in accordance with Sections  
7 11349, 11349.3, 11349.4, 11349.5, 11349.6, and 11350.3 of, and  
8 subdivisions (a) and (b) of Section 11349.1 of, the Government  
9 Code. If the commission adopts an emergency revision to its Rules  
10 of Practice and Procedure based upon a finding that the revision  
11 is necessary for the preservation of the public peace, health and  
12 safety, or general welfare, this emergency revision shall only be  
13 reviewed by the Office of Administrative Law in accordance with  
14 subdivisions (b) to (d), inclusive, of Section 11349.6 of the  
15 Government Code. The emergency revision shall become effective  
16 upon filing with the Secretary of State and shall remain in effect  
17 for no more than 120 days. A petition for writ of review pursuant  
18 to Section 1756 of a commission decision amending, revising, or  
19 modifying its Rules of Practice and Procedure shall not be filed  
20 until the regulation has been approved by the Office of  
21 Administrative Law, the Governor, or a court pursuant to Section  
22 11350.3 of the Government Code. If the period for filing the  
23 petition for writ of review would otherwise have already  
24 commenced under Section 1733 or 1756 at the time of that  
25 approval, then the period for filing the petition for writ of review  
26 shall continue until 30 days after the date of that approval. Nothing  
27 in this subdivision shall require the commission to comply with  
28 Article 5 (commencing with Section 11346) of Chapter 3.5 of Part  
29 1 of Division 3 of Title 2 of the Government Code. This  
30 subdivision is only intended to provide for the Office of  
31 Administrative Law review of procedural commission decisions  
32 relating to commission Rules of Practice and Procedure, and not  
33 general orders, resolutions, or other substantive regulations.

34 (i) The commission shall immediately notify the Legislature  
35 whenever the commission reduces or waives the time period for  
36 public review and comment due to an unforeseen emergency  
37 situation, as provided in subdivision (d), (e), or (g).

38 ~~SEC. 5.—Section 326 is added to the Public Utilities Code, to~~  
39 ~~read:~~

1 326. ~~By January 1, 2020, the commission shall establish the~~  
 2 ~~Wildfire Safety Division within the commission. The division shall~~  
 3 ~~do all of the following:~~

4 ~~(a) Oversee and enforce electrical corporations' compliance~~  
 5 ~~with wildfire safety pursuant to Chapter 6 (commencing with~~  
 6 ~~Section 8385) of Division 4.1.~~

7 ~~(b) In consultation with the California Wildfire Safety Advisory~~  
 8 ~~Board, develop and recommend to the commission performance~~  
 9 ~~metrics to evaluate an electrical corporation's compliance with its~~  
 10 ~~approved wildfire mitigation plan.~~

11 ~~(c) Consult with the Office of Emergency Services in the office's~~  
 12 ~~management and response to utility public safety power shutoff~~  
 13 ~~events and utility actions for compliance with public safety power~~  
 14 ~~shutoff program rules and regulations.~~

15 ~~(d) Support efforts to assess and analyze fire weather data and~~  
 16 ~~other atmospheric conditions that could lead to catastrophic~~  
 17 ~~wildfires and to reduce the likelihood and severity of wildfire~~  
 18 ~~incidents that could endanger the safety of persons, properties, and~~  
 19 ~~the environment within the state.~~

20 ~~(e) Retain appropriate staff that includes experts in wildfire,~~  
 21 ~~weather, climate change, emergency response, and other relevant~~  
 22 ~~subject matters.~~

23 ~~(f) Review, as necessary, in coordination with the California~~  
 24 ~~Wildfire Safety Advisory Board and necessary commission staff,~~  
 25 ~~safety requirements for infrastructure operated by telephone~~  
 26 ~~corporations, water corporations, local publicly owned water~~  
 27 ~~utilities, and water districts, and provide recommendations to the~~  
 28 ~~commission to address the dynamic risk of climate change and to~~  
 29 ~~mitigate wildfire risk.~~

30 ~~SEC. 6.~~

31 *SEC. 4.* Section 326.1 is added to the Public Utilities Code, to  
 32 read:

33 326.1. (a) There is hereby established the California Wildfire  
 34 Safety Advisory Board. The board shall advise the Wildfire Safety  
 35 Division established pursuant to Section 326.

36 (b) The board shall consist of seven members. Five members  
 37 shall be appointed by the Governor, one member shall be appointed  
 38 by the Speaker of the Assembly, and one member shall be  
 39 appointed by the ~~President pro Tempore of the Senate.~~ *Senate*  
 40 *Committee on Rules.* The members of the board shall serve

1 four-year staggered terms. The initial members of the board shall  
2 be appointed by January 1, 2020. The Governor shall designate  
3 three of the initial members who shall serve two-year terms.  
4 Members of the board shall be selected from industry experts,  
5 academics, and persons with labor and workforce safety experience  
6 or other relevant ~~qualifications~~. *qualifications and shall represent*  
7 *a cross-section of relevant expertise including, at all times, at least*  
8 *three members experienced in the safe operation, design, and*  
9 *engineering of electrical infrastructure.*

10 (c) The board shall meet no less often than quarterly and  
11 alternate meeting locations between northern, central, and southern  
12 California, when feasible.

13 (d) Members of the board who are not salaried state service  
14 employees shall be eligible for reasonable compensation, not to  
15 exceed a per diem four hundred dollars (\$400), for attendance at  
16 board meetings.

17 (e) All reasonable costs incurred by the board, including staffing,  
18 travel at state travel reimbursement rates, and administrative costs,  
19 shall be reimbursed through the public utilities reimbursement  
20 account and shall be part of the budget of the commission. The  
21 commission shall consult with the board in the preparation of this  
22 portion of the commission's proposed annual budget.

23 ~~(f) The board is exempt from the requirements of the~~  
24 ~~Bagley-Keene Open Meeting Act (Chapter 9 (commencing with~~  
25 ~~Section 54950) of Part 1 of Division 2 of Title 5 of the Government~~  
26 ~~Code).~~

27 ~~(g) (1) Notwithstanding subdivision (f), a congregation or~~  
28 ~~meeting of a majority of the board members at the same time and~~  
29 ~~place to hear or discuss an issue within its jurisdiction shall be~~  
30 ~~open to the public and a period of 20 minutes shall be set aside at~~  
31 ~~the congregation or meeting to receive public comment.~~

32 ~~(2) Paragraph (1) does not apply to a congregation or meeting~~  
33 ~~that satisfies the requirements of Section 11126 of the Government~~  
34 ~~Code for closed meetings.~~

35 ~~(h)~~

36 ~~(f) (1) ~~Communications~~The commission or board may assert~~  
37 ~~the deliberative process privilege for a communication between~~  
38 ~~the board and the commission are privileged that satisfies the~~  
39 ~~criteria for privilege as a deliberative process communication.~~

1 (2) Communications by the board, its staff, and individual  
2 members of the board are not subject to the commission’s ex parte  
3 rules set forth in Article 1 (commencing with Section 1701) of  
4 Chapter 9 of Part 1.

5 ~~SEC. 7.~~

6 *SEC. 5.* Section 326.2 is added to the Public Utilities Code, to  
7 read:

8 326.2. ~~The board~~ *California Wildfire Safety Advisory Board*  
9 shall do all of the following:

10 (a) Develop and make recommendations to the Wildfire Safety  
11 Division related to wildfire safety and mitigation performance  
12 metrics.

13 (b) Develop and make recommendations related to the contents  
14 of wildfire mitigation plans pursuant to Chapter 6 (commencing  
15 with Section 8385) of Division 4.1.

16 (c) *Review and provide comments and advisory opinions to each*  
17 *local publicly owned electric utility and electrical cooperative*  
18 *regarding the content and sufficiency of its wildfire mitigation*  
19 *plan and recommendations on how to mitigate wildfire risk.*

20 (e)

21 (d) Provide other advice and recommendations related to wildfire  
22 safety as requested by the Wildfire Safety Division.

23 ~~SEC. 8.~~

24 *SEC. 6.* Section 451.1 of the Public Utilities Code is amended  
25 to read:

26 451.1. (a) For purposes of this section, the following terms  
27 have the following meanings:

28 (1) ~~“Covered wildfire” means any wildfire ignited on or after~~  
29 ~~the effective date of Part 6 (commencing with Section 3279), that~~  
30 ~~the Department of Forestry and Fire Protection has determined~~  
31 ~~was caused by the electrical corporation.~~ *has the same meaning*  
32 *as defined in Section 1701.8.*

33 (2) ~~“Wildfire fund”~~ *Fund*” means the Wildfire Fund created  
34 pursuant to Section 3284.

35 (b) When determining an application by an electrical  
36 corporation to recover costs and expenses arising from a covered  
37 wildfire, the commission shall allow cost recovery if the costs and  
38 expenses are just and reasonable. Costs and expenses arising from  
39 a covered wildfire are just and reasonable if the conduct of the  
40 electrical corporation *related to the ignition* was consistent with

1 actions that a reasonable utility would have undertaken in good  
2 faith under similar circumstances, at the relevant point in time,  
3 and based on the information available ~~at that~~ *to the electrical*  
4 *corporation at the relevant point of time*. Reasonable conduct is  
5 not limited to the optimum practice, method, or act to the exclusion  
6 of others, but rather encompasses a spectrum of possible practices,  
7 methods, or acts consistent with utility system needs, the interest  
8 of the ratepayers, and the requirements of governmental agencies  
9 of competent jurisdiction. Costs and expenses in the application  
10 may be allocated for cost recovery in full or in part taking into  
11 account factors *both within and beyond the utility's control* that  
12 may have exacerbated the costs and ~~expenses~~. *expenses, including*  
13 *humidity, temperature, and winds*.

14 (c) An electrical corporation bears the burden to demonstrate,  
15 based on a preponderance of the evidence, that its conduct was  
16 reasonable pursuant to subdivision (b) unless it has a valid safety  
17 certification pursuant to Section 8389 for the time period in which  
18 the covered wildfire that is the subject of the application ignited.  
19 If the electrical corporation has received a valid safety certification  
20 for the time period in which the covered wildfire ignited, an  
21 electrical corporation's conduct shall be deemed to have been  
22 reasonable pursuant to subdivision (b) unless a party to the  
23 proceeding ~~demonstrates, based on a preponderance of the~~  
24 ~~evidence, that the electrical corporation's conduct was not~~ *creates*  
25 *a serious doubt as to the reasonableness of the electrical*  
26 *corporation's conduct. Once serious doubt has been raised, the*  
27 *electrical corporation has the burden of dispelling that doubt and*  
28 *proving the conduct to have been reasonable*.

29 (d) If an electrical corporation has drawn amounts from the  
30 Wildfire Fund for eligible claims for a covered wildfire, then the  
31 electrical corporation shall file an application to recover costs and  
32 expenses pursuant to Section 1701.8 after it has paid substantially  
33 all third-party liability claims arising from the covered wildfire.

34 (e) Notwithstanding Section 451, this section shall direct the  
35 commission's evaluation of applications for recovery of costs and  
36 expenses arising from a covered wildfire. This section shall not  
37 apply to any other applications for cost recovery.

38 (f) This section shall not affect any civil action, appeal, or other  
39 action or proceeding.

1 (g) This section shall become inoperative if Section 3292  
2 becomes inoperative pursuant to subdivision (k) of that section  
3 and this section shall be repealed on the first January 1 more than  
4 three months after this section becomes inoperative. The  
5 commission shall notify the Secretary of State as to whether this  
6 section becomes inoperative and is repealed.

7 ~~SEC. 9.~~

8 SEC. 7. Section 451.3 is added to the Public Utilities Code, to  
9 read:

10 451.3. If the commission finds that an electrical corporation is  
11 requesting recovery of costs that were previously authorized by  
12 the commission for cost recovery by the electrical corporation, the  
13 commission may fine the electrical corporation an amount up to  
14 three times the amount of the penalty provided in Section 2107  
15 for each violation.

16 ~~SEC. 10.~~

17 SEC. 8. The heading of Article 5.8 (commencing with Section  
18 850) of Chapter 4 of Part 1 of Division 1 of the Public Utilities  
19 Code is amended to read:

20  
21 Article 5.8. Catastrophic Wildfire and Ratepayer Protection  
22 Financing

23  
24 ~~SEC. 11.~~

25 SEC. 9. Section 850 of the Public Utilities Code is amended  
26 to read:

27 850. (a) This article applies in either of the following  
28 circumstances:

29 (1) If an electrical corporation applies to the commission for  
30 recovery of costs and expenses related to a catastrophic wildfire  
31 and the commission finds some or all of the costs and expenses to  
32 be reasonable pursuant to Section 451.1, or for the amount of costs  
33 and expenses determined pursuant to subdivision (c) of Section  
34 451.2, then the electrical corporation may file an application  
35 requesting the commission to issue a financing order to authorize  
36 these costs and expenses to be recovered through fixed recovery  
37 charges pursuant to this article.

38 (2) If an electrical corporation submits an application for ~~cost~~  
39 recovery of costs and expenses related to catastrophic wildfires,  
40 including fire risk mitigation capital expenditures identified in

1 *subdivision (e) of Section 8386.3, in a proceeding to recover costs*  
2 *and expenses in rates, rates and the commission may, after finding*  
3 *finds that some or all of the costs and expenses identified in the*  
4 *electrical corporation's application are appropriate costs, and that*  
5 *recovery of those appropriate costs is just and reasonable pursuant*  
6 *to Section 451, the electrical corporation may file an application*  
7 *requesting the commission to issue a financing order to authorize*  
8 *the recovery of those just and reasonable appropriate costs and*  
9 *expenses by means of a financing order, with those costs and*  
10 *expenses being recovered through a fixed charge pursuant to this*  
11 *article. The paragraph does not apply for costs and expenses*  
12 *incurred by the electrical corporation after December 31, 2035.*

13 (b) For the purposes of this article, the following terms shall  
14 have the following meanings:

15 (1) "Ancillary agreement" means a bond insurance policy, letter  
16 of credit, reserve account, surety bond, swap arrangement, hedging  
17 arrangement, liquidity or credit support arrangement, or other  
18 similar agreement or arrangement entered into in connection with  
19 the issuance of recovery bonds that is designed to promote the  
20 credit quality and marketability of the bonds or to mitigate the risk  
21 of an increase in interest rates.

22 (2) "Appropriate costs" means significant and unavoidable costs  
23 and expenses in excess of one billion dollars (\$1,000,000,000)  
24 identified in an application for cost recovery in a commission rate  
25 proceeding other than a general rate case, excepting the portion of  
26 a general rate case addressing the recovery of costs to implement  
27 a wildfire mitigation plan submitted pursuant to Section 8386.  
28 Those costs shall be demonstrated in the cost recovery application  
29 to be appropriate for recovery in a fixed recovery charge on  
30 grounds, including, but not limited to, the following:

31 (A) The rates resulting from the adoption of a fixed recovery  
32 charge will be lower than the rates resulting from the application  
33 of traditional rate recovery mechanisms over the life of any  
34 proposed recovery bonds.

35 (B) The costs are not incurred in the normal course of business.

36 (C) The costs are not typically incurred in the course of utility  
37 maintenance and operations.

38 (D) The electrical corporation's overall rate structure will not  
39 be harmed by including the fixed recovery charges in its rates in

1 the amount that likely would result from any proposed recovery  
2 bonds.

3 ~~(E) The electrical corporation’s cost of capital will be~~  
4 ~~appropriately adjusted to reflect the lower cost of finance via a~~  
5 ~~recovery bond.~~

6 ~~(F) Those costs could not have been foreseen and accounted for~~  
7 ~~by ordinary forecasting and cost recovery methods.~~

8 ~~(G) The electrical corporation has taken all reasonable steps to~~  
9 ~~guard against the recurrence of any similar cost.~~

10 ~~(H) The electrical corporation has not submitted a cost recovery~~  
11 ~~application pursuant to this paragraph in the preceding 18 months.~~

12 ~~(3)~~

13 (2) “Catastrophic wildfire amounts” means the portion of costs  
14 and expenses the commission finds to be just and reasonable  
15 pursuant to Section 451.1 or the amount determined pursuant to  
16 subdivision (c) of Section 451.2.

17 ~~(4)~~

18 (3) “Consumer” means any individual, governmental body,  
19 trust, business entity, or nonprofit organization that consumes  
20 electricity that has been transmitted or distributed by means of  
21 electric transmission or distribution facilities, whether those electric  
22 transmission or distribution facilities are owned by the consumer,  
23 the electrical corporation, or any other party.

24 ~~(5)~~

25 (4) “Financing costs” means the costs to issue, service, repay,  
26 or refinance recovery bonds, whether incurred or paid upon  
27 issuance of the recovery bonds or over the life of the recovery  
28 bonds, if they are approved for recovery by the commission in a  
29 financing order. “Financing costs” may include any of the  
30 following:

31 (A) Principal, interest, and redemption premiums that are  
32 payable on recovery bonds.

33 (B) A payment required under an ancillary agreement.

34 (C) An amount required to fund or replenish reserve accounts  
35 or other accounts established under an indenture, ancillary  
36 agreement, or other financing document relating to the recovery  
37 bonds.

38 (D) Taxes, franchise fees, or license fees imposed on fixed  
39 recovery charges.

1 (E) Costs related to issuing and servicing recovery bonds or the  
2 application for a financing order, including, without limitation,  
3 servicing fees and expenses, trustee fees and expenses, legal fees  
4 and expenses, accounting fees, administrative fees, underwriting  
5 and placement fees, financial advisory fees, original issue discount,  
6 capitalized interest, rating agency fees, and any other related costs  
7 that are approved for recovery in the financing order.

8 (F) Other costs as specifically authorized by a financing order.

9 ~~(6)~~

10 (5) “Financing entity” means the electrical corporation or any  
11 subsidiary or affiliate of the electrical corporation that is authorized  
12 by the commission to issue recovery bonds or acquire recovery  
13 property, or both.

14 ~~(7)~~

15 (6) “Financing order” means an order of the commission adopted  
16 in accordance with this article, which shall include, without  
17 limitation, a procedure to require the expeditious approval by the  
18 commission of periodic adjustments to fixed recovery charges and  
19 to any associated fixed recovery tax amounts included in that  
20 financing order to ensure recovery of all recovery costs and the  
21 costs associated with the proposed recovery, financing, or  
22 refinancing thereof, including the costs of servicing and retiring  
23 the recovery bonds contemplated by the financing order.

24 ~~(8)~~

25 (7) “Fixed recovery charges” means those nonbypassable rates  
26 and other charges, including, but not limited to, distribution,  
27 connection, disconnection, and termination rates and charges, that  
28 are authorized by the commission in a financing order to recover  
29 both of the following:

30 (A) Recovery costs specified in the financing order.

31 (B) The costs of recovering, financing, or refinancing those  
32 recovery costs through a plan approved by the commission in the  
33 financing order, including the costs of servicing and retiring  
34 recovery bonds.

35 ~~(9)~~

36 (8) “Fixed recovery tax amounts” means those nonbypassable  
37 rates and other charges, including, but not limited to, distribution,  
38 connection, disconnection, and termination rates and charges, that  
39 are needed to recover federal and State of California income and  
40 franchise taxes associated with fixed recovery charges authorized

1 by the commission in a financing order, but are not approved as  
2 financing costs financed from proceeds of recovery bonds.

3 ~~(10)~~

4 (9) "Recovery bonds" means bonds, notes, certificates of  
5 participation or beneficial interest, or other evidences of  
6 indebtedness or ownership, issued pursuant to an executed  
7 indenture or other agreement of a financing entity, the proceeds  
8 of which are used, directly or indirectly, to recover, finance, or  
9 refinance recovery costs, and that are directly or indirectly secured  
10 by, or payable from, recovery property.

11 ~~(11)~~

12 (10) "Recovery costs" means any of the following:

13 (A) The catastrophic wildfire amounts or ~~appropriate~~ costs  
14 pursuant to paragraph (2) of subdivision (a) authorized by the  
15 commission in a financing order for recovery.

16 (B) Federal and State of California income and franchise taxes  
17 associated with recovery of the amounts pursuant to subparagraph

18 (A).

19 (C) Financing costs.

20 (D) Professional fees, consultant fees, redemption premiums,  
21 tender premiums and other costs incurred by the electrical  
22 corporation in using proceeds of recovery bonds to acquire  
23 outstanding securities of the electrical corporation, as authorized  
24 by the commission in a financing order.

25 ~~(12)~~

26 (11) (A) "Recovery property" means the property right created  
27 pursuant to this article, including, without limitation, the right,  
28 title, and interest of the electrical corporation or its transferee:

29 (i) In and to the fixed recovery charges established pursuant to  
30 a financing order, including all rights to obtain adjustments to the  
31 fixed recovery charges in accordance with Section 850.1 and the  
32 financing order.

33 (ii) To be paid the amount that is determined in a financing  
34 order to be the amount that the electrical corporation or its  
35 transferee is lawfully entitled to receive pursuant to the provisions  
36 of this article and the proceeds thereof, and in and to all revenues,  
37 collections, claims, payments, moneys, or proceeds of or arising  
38 from the fixed recovery charges that are the subject of a financing  
39 order.

1 (B) “Recovery property” shall not include a right to be paid  
2 fixed recovery tax amounts.

3 (C) “Recovery property” shall constitute a current property  
4 right, notwithstanding the fact that the value of the property right  
5 will depend on consumers using electricity or, in those instances  
6 where consumers are customers of the electrical corporation, the  
7 electrical corporation performing certain services.

8 ~~(13)~~

9 (12) “Service territory” means the geographical area that the  
10 electrical corporation provides with electric distribution service.

11 ~~(14)~~

12 (13) “True-up adjustment” means ~~an~~ *a formulaic* adjustment to  
13 the fixed recovery charges as they appear on customer bills that  
14 is necessary to correct for any overcollection or undercollection  
15 of the fixed recovery charges authorized by a financing order and  
16 to otherwise ensure the timely and complete payment and recovery  
17 of recovery costs over the authorized repayment term.

18 ~~SEC. 12.~~

19 *SEC. 10.* Section 850.1 of the Public Utilities Code is amended  
20 to read:

21 ~~850.1. (a) (1) This section applies only in either of the~~  
22 ~~following:~~

23 ~~(A)~~

24 ~~850.1. (a) If an electrical corporation files for recovery of the~~  
25 ~~amount of costs and expenses pursuant to Section 451.1 or~~  
26 ~~subdivision (c) of Section 451.2 recovery costs and the commission~~  
27 ~~finds some or all of those costs and expenses to be just and~~  
28 ~~reasonable pursuant to Section 451.1 451 or 451.1, as applicable,~~  
29 ~~or the commission allocates to the ratepayers some or all of those~~  
30 ~~costs and expenses pursuant to subdivision (c) of Section 451.2.~~

31 ~~(B) If an electrical corporation files for recovery of the amount~~  
32 ~~or appropriate costs pursuant to paragraph (2) of subdivision (a)~~  
33 ~~of Section 850.~~

34 ~~(2) The 451.2, the~~ commission may issue a financing order to  
35 allow recovery through fixed recovery charges, which would  
36 therefore constitute recovery property under this article, and order  
37 that any portion of the electrical corporation’s federal and State  
38 of California income and franchise taxes associated with those  
39 fixed recovery charges and not financed from proceeds of recovery  
40 bonds may be recovered through fixed recovery tax amounts.

1 (3) (A) Following application by an electrical corporation, the  
 2 commission shall issue a financing order if the commission  
 3 determines that the following conditions are satisfied:

4 (i) The recovery cost to be reimbursed from the recovery bonds  
 5 have been found to be just and reasonable pursuant to Section  
 6 ~~451.1~~ 451 or 451.1, as applicable, or are allocated to the ratepayers  
 7 pursuant to subdivision (c) of Section 451.2.

8 (ii) The issuance of the recovery bonds, including all material  
 9 terms and conditions of the recovery bonds, including, without  
 10 limitation, interest rates, rating, amortization redemption, and  
 11 maturity, and the imposition and collection of fixed recovery  
 12 charges as set forth in an application satisfy all of the following  
 13 conditions, as applicable:

14 (I) They are just and reasonable.

15 (II) They are consistent with the public interest.

16 (III) The recovery of recovery costs ~~for catastrophic wildfire~~  
 17 ~~amounts~~ through the designation of the fixed recovery charges and  
 18 any associated fixed recovery tax amounts, and the issuance of  
 19 recovery bonds in connection with the fixed recovery charges,  
 20 would reduce, to the maximum extent possible, the rates on a  
 21 present value basis that consumers within the electrical  
 22 corporation's service territory would pay as compared to the use  
 23 of traditional utility financing mechanisms, which shall be  
 24 calculated using the electrical corporation's corporate debt and  
 25 equity in the ratio approved by the commission at the time of the  
 26 financing order.

27 ~~(IV) The recovery of recovery costs for appropriate costs~~  
 28 ~~through the designation of the fixed recovery charges and any~~  
 29 ~~associated fixed recovery tax amounts, and the issuance of recovery~~  
 30 ~~bonds in connection with the fixed recovery charges, would meet~~  
 31 ~~the requirements set forth in subparagraphs (A) to (H), inclusive,~~  
 32 ~~of paragraph (2) of subdivision (b) of Section 850.~~

33 (B) The electrical corporation may request the determination  
 34 specified in subparagraph (A) by the commission in a separate  
 35 proceeding or in an existing proceeding or both. If the commission  
 36 makes the determination specified in subparagraph (A), the  
 37 commission shall establish, as part of the financing order, a  
 38 procedure for the electrical corporation to submit applications from  
 39 time to time to request the issuance of additional financing orders  
 40 designating fixed recovery charges and any associated fixed

1 recovery tax amounts as recoverable. The electrical corporation  
2 may submit an application with respect to recovery costs that an  
3 electrical corporation (i) has paid, (ii) has an existing legal  
4 obligation to pay, or (iii) would be obligated to pay pursuant to an  
5 executed settlement agreement. The commission shall, within 180  
6 days of the filing of that application, issue a financing order, which  
7 may take the form of a resolution, if the commission determines  
8 that the amounts identified in the application are recovery costs.

9 (4) Fixed recovery charges and any associated fixed recovery  
10 tax amounts shall be imposed only on existing and future  
11 consumers in the service territory. Consumers within the service  
12 territory shall continue to pay fixed recovery charges and any  
13 associated fixed recovery tax amounts until the recovery bonds  
14 and associated financing costs are paid in full by the financing  
15 entity.

16 (5) An electrical corporation may exercise the same rights and  
17 remedies under its tariff and applicable law and regulation based  
18 upon a customer's nonpayment of fixed recovery charges and any  
19 associated fixed recovery tax as it could for a customer's failure  
20 to pay any other charge payable to that electrical corporation.

21 (b) The commission may establish in a financing order an  
22 effective mechanism that ensures recovery of recovery costs  
23 through nonbypassable fixed recovery charges and any associated  
24 fixed recovery tax amounts from existing and future consumers  
25 in the service territory, and those consumers shall be required to  
26 pay those charges until the recovery bonds and all associated  
27 financing costs are paid in full by the financing entity, at which  
28 time those charges shall be terminated. Fixed recovery charges  
29 shall be irrevocable, notwithstanding the true-up adjustment  
30 pursuant to subdivision (g).

31 (c) Recovery bonds authorized by the commission's financing  
32 orders may be issued in one or more series on or before December  
33 31, 2035.

34 (d) The commission ~~may~~ *shall* issue financing orders in  
35 accordance with this article to facilitate the recovery, financing,  
36 or refinancing of recovery costs. A financing order may be adopted  
37 only upon the application of the electrical corporation and shall  
38 become effective in accordance with its terms only after the  
39 electrical corporation files with the commission the electrical  
40 corporation's written consent to all terms and conditions of the

1 financing order. A financing order may specify how amounts  
2 collected from a consumer shall be allocated between fixed  
3 recovery charges, any associated fixed recovery tax amounts, and  
4 other charges.

5 (e) Notwithstanding Section 455.5 or 1708, or any other law,  
6 and except as otherwise provided in subdivision (g), with respect  
7 to recovery property that has been made the basis for the issuance  
8 of recovery bonds and with respect to any associated fixed recovery  
9 tax amounts, the financing order, the fixed recovery charges, and  
10 any associated fixed recovery tax amounts shall be irrevocable.  
11 The commission shall not, either by rescinding, altering, or  
12 amending the financing order or otherwise, revalue or revise for  
13 ratemaking purposes the recovery costs or the costs of recovering,  
14 financing, or refinancing the recovery costs, in any way reduce or  
15 impair the value of recovery property or of the right to receive any  
16 associated fixed recovery tax amounts either directly or indirectly  
17 by taking fixed recovery charges or any associated fixed recovery  
18 tax amounts into account when setting other rates for the electrical  
19 corporation or when setting charges for the Department of Water  
20 Resources. The amount of revenues shall not be subject to  
21 reduction, impairment, postponement, or termination. The State  
22 of California does hereby pledge and agree with the electrical  
23 corporation, owners of recovery property, financing entities, and  
24 holders of recovery bonds that the state shall neither limit nor alter,  
25 except as otherwise provided with respect to the true-up adjustment  
26 of the fixed recovery charges pursuant to subdivision (i), the fixed  
27 recovery charges, any associated fixed recovery tax amounts,  
28 recovery property, financing orders, or any rights under a financing  
29 order until the recovery bonds, together with the interest on the  
30 recovery bonds and associated financing costs, are fully paid and  
31 discharged, and any associated fixed recovery tax amounts have  
32 been satisfied or, in the alternative, have been refinanced through  
33 an additional issue of recovery bonds, provided that nothing  
34 contained in this section shall preclude the limitation or alteration  
35 if and when adequate provision shall be made by law for the  
36 protection of the electrical corporation and of owners and holders  
37 of the recovery bonds. The financing entity is authorized to include  
38 this pledge and undertaking for the state in these recovery bonds.  
39 When setting other rates for the electrical corporation, nothing in

1 this subdivision shall prevent the commission from taking into  
2 account either of the following:

3 (1) Any collection of fixed recovery charges in excess of  
4 amounts actually required to pay recovery costs financed or  
5 refinanced by recovery bonds.

6 (2) Any collection of fixed recovery tax amounts in excess of  
7 amounts actually required to pay federal and State of California  
8 income and franchise taxes associated with fixed recovery charges,  
9 provided that this would not result in a recharacterization of the  
10 tax, accounting, and other intended characteristics of the financing,  
11 including, but not limited to, either of the following:

12 (A) Treating the recovery bonds as debt of the electrical  
13 corporation or its affiliates for federal income tax purposes.

14 (B) Treating the transfer of the recovery property by the  
15 electrical corporation as a true sale for bankruptcy purposes.

16 (f) (1) Neither financing orders nor recovery bonds issued under  
17 this article shall constitute a debt or liability of the state or of any  
18 political subdivision thereof, nor shall they constitute a pledge of  
19 the full faith and credit of the state or any of its political  
20 subdivisions, but are payable solely from the funds provided  
21 therefor under this article and shall be consistent with Sections 1  
22 and 18 of Article XVI of the California Constitution. All recovery  
23 bonds shall contain on the face thereof a statement to the following  
24 effect: “Neither the full faith and credit nor the taxing power of  
25 the State of California is pledged to the payment of the principal  
26 of, or interest on, this bond.”

27 (2) The issuance of recovery bonds under this article shall not  
28 directly, indirectly, or contingently obligate the state or any  
29 political subdivision thereof to levy or to pledge any form of  
30 taxation therefor or to make any appropriation for their payment.

31 (g) The commission shall establish procedures for the  
32 expeditious processing of an application for a financing order,  
33 which shall provide for the approval or disapproval of the  
34 application within 120 days of the application. Any fixed recovery  
35 charge authorized by a financing order shall appear on consumer  
36 bills. The commission shall, in any financing order, provide for a  
37 procedure for periodic true-up adjustments to fixed recovery  
38 charges, which shall be made at least annually and may be made  
39 more frequently. The electrical corporation shall file an application  
40 with the commission to implement any true-up adjustment.

1 (h) Fixed recovery charges are recovery property when, and to  
 2 the extent that, a financing order authorizing the fixed recovery  
 3 charges has become effective in accordance with this article, and  
 4 the recovery property shall thereafter continuously exist as property  
 5 for all purposes, and all of the rights and privileges relating to that  
 6 property accorded by this article shall continuously exist for the  
 7 period and to the extent provided in the financing order, but in any  
 8 event until the recovery bonds are paid in full, including all  
 9 principal, premiums, if any, and interest with respect to the  
 10 recovery bonds, and all associated financing costs are paid in full.

11 A financing order may provide that the creation of recovery  
 12 property shall be simultaneous with the sale of the recovery  
 13 property to a transferee or assignee as provided in the application  
 14 of the pledge of the recovery property to secure the recovery bonds.

15 (i) Recovery costs shall not be imposed upon customers  
 16 participating in the California Alternative Rates for Energy or  
 17 Family Electric Rate Assistance programs discount pursuant to  
 18 Section 739.1.

19 (j) *Any successor to a financing entity shall be bound by the*  
 20 *requirements of this article and shall perform and satisfy all*  
 21 *obligations of, and have the same rights under a financing order*  
 22 *as and to the same extent as, the financing entity, including the*  
 23 *obligation to collect and pay energy transition revenues to persons*  
 24 *entitled to receive the revenues.*

25 (j)  
 26 (k) This article and any financing order made pursuant to this  
 27 article do not amend, reduce, modify, or otherwise affect the right  
 28 of the Department of Water Resources to recover its revenue  
 29 requirements and to receive the charges that it is to recover and  
 30 receive pursuant to Division 27 (commencing with Section 80000)  
 31 and Division 28 (commencing with Section 80500) of the Water  
 32 Code, or pursuant to any agreement entered into by the commission  
 33 and the Department of Water Resources pursuant to ~~that the~~  
 34 *applicable division.*

35 ~~SEC. 13. Section 1701 of the Public Utilities Code is amended~~  
 36 ~~to read:~~

37 ~~1701. (a) All hearings, investigations, and proceedings shall~~  
 38 ~~be governed by this part and by rules of practice and procedure~~  
 39 ~~adopted by the commission, and in the conduct thereof the technical~~  
 40 ~~rules of evidence need not be applied. No informality in any~~

1 hearing, investigation, or proceeding or in the manner of taking  
2 testimony shall invalidate any order, decision, or rule made,  
3 approved, or confirmed by the commission.

4 (b) In quasi-legislative, ratesetting, or catastrophic wildfire  
5 proceedings that do not include hearings, the commission may  
6 receive as evidence, and use as proof of any fact, both of the  
7 following types of information without requiring a sponsoring  
8 witness subject to cross-examination:

9 (1) Reports of other state or federal agencies.

10 (2) Reports of commission staff or interagency and stakeholder  
11 groups provided to all parties for notice and comment.

12 (c) Notwithstanding Section 11425.10 of the Government Code,  
13 Articles 1 to 15, inclusive, of Chapter 4.5 (commencing with  
14 Section 11400) of Part 1 of Division 3 of Title 2 of the Government  
15 Code do not apply to a hearing by the commission under this code.  
16 The Administrative Adjudication Code of Ethics (Article 16  
17 (commencing with Section 11475) of Chapter 4.5 of Part 1 of  
18 Division 3 of Title 2 of the Government Code) shall apply to  
19 administrative law judges of the commission.

20 SEC. 14. Section 1701.1 of the Public Utilities Code is  
21 amended to read:

22 1701.1. (a) (1) The commission shall determine whether  
23 each proceeding is a quasi-legislative, an adjudication, a ratesetting,  
24 or a catastrophic wildfire proceeding.

25 (2) The commission shall adopt rules that provide for  
26 discretionary expedited treatment of proceedings related to  
27 emergencies, safety, and enforcement that would provide for the  
28 completion of such a proceeding within 180 days. On or before  
29 December 1, 2019, the commission shall propose these rules.

30 (b) (1) The commission, upon initiating an adjudication  
31 proceeding or ratesetting proceeding, shall assign one or more  
32 commissioners to oversee the case and an administrative law judge  
33 when appropriate. The assigned commissioner may schedule a  
34 prehearing conference and may prepare and issue by order or ruling  
35 a scoping memo that describes the issues to be considered and the  
36 applicable timetable for resolution and that, consistent with due  
37 process, public policy, and statutory requirements, determines  
38 whether the proceeding requires a hearing.

39 (2) The administrative law judge shall either preside over and  
40 conduct, or assist the assigned commissioner or commissioners in

1 presiding over and conducting, any evidentiary or adjudication  
2 hearing that may be required.

3 (3) The commission may develop procedures to expedite  
4 ratesetting and catastrophic wildfire proceedings that do not require  
5 an evidentiary hearing.

6 (e) The commission, upon initiating a quasi-legislative  
7 proceeding, shall assign one or more commissioners to oversee  
8 the case and appropriate technical advisory staff, which may  
9 include an administrative law judge. The assigned commissioner  
10 shall prepare and issue by order or ruling a scoping memo that  
11 describes the issues to be considered and the applicable timetable  
12 for resolution.

13 (d) (1) Quasi-legislative cases, for purposes of this article, are  
14 cases that establish policy, including, but not limited to,  
15 rulemakings and investigations that may establish rules affecting  
16 an entire industry. Quasi-legislative cases may have an ancillary  
17 effect on rates, such as when the commission establishes programs  
18 that apply to multiple regulated public utilities.

19 (2) Adjudication cases, for purposes of this article, are  
20 enforcement cases and complaints except those challenging the  
21 reasonableness of any rates or charges as specified in Section 1702.

22 (3) Ratesetting cases, for purposes of this article, are cases in  
23 which rates are established for a specific company, including, but  
24 not limited to, general rate cases, performance-based ratemaking,  
25 and other ratesetting mechanisms, and cases in which a regulated  
26 public utility files an application for the approval of specific  
27 contracts or projects exceeding five million dollars (\$5,000,000).

28 (4) Catastrophic wildfire proceedings, for purposes of this  
29 article, are proceedings in which an electrical corporation files an  
30 application to recover costs and expenses pursuant to Section 451.1.

31 (e) (1) (A) “Ex parte communication,” for purposes of this  
32 article, means any oral or written communication between a  
33 decisionmaker and an interested person concerning any matter  
34 before the commission that the commission has not specified in  
35 its Rules of Practice and Procedure as being a procedural matter  
36 and that does not occur in a public hearing, workshop, or other  
37 public proceeding, or on the official record of the proceeding on  
38 the matter. The commission shall specify in its Rules of Practice  
39 and Procedure, enacted by rulemaking, the types of issues  
40 considered procedural matters under this article.

1 (B) “Interested person,” for purposes of this article, means any  
2 of the following:

3 (i) ~~Any applicant, an agent or an employee of the applicant, or~~  
4 ~~a person receiving consideration for representing the applicant, or~~  
5 ~~a participant in the proceeding on any matter before the~~  
6 ~~commission.~~

7 (ii) ~~Any person with a financial interest, as described in Article~~  
8 ~~1 (commencing with Section 87100) of Chapter 7 of Title 9 of the~~  
9 ~~Government Code, in a matter before the commission, an agent~~  
10 ~~or employee of the person with a financial interest, or a person~~  
11 ~~receiving consideration for representing the person with a financial~~  
12 ~~interest. A person involved in issuing credit ratings or advising~~  
13 ~~entities or persons who invest in the shares or operations of any~~  
14 ~~party to a proceeding is a person with a financial interest.~~

15 (iii) ~~A representative acting on behalf of any civic,~~  
16 ~~environmental, neighborhood, business, labor, trade, or similar~~  
17 ~~organization who intends to influence the decision of a commission~~  
18 ~~member on a matter before the commission.~~

19 (iv) ~~Other categories of individuals deemed by the commission,~~  
20 ~~by rule, to be an interested person.~~

21 (2) ~~The commission shall by rule adopt and publish a definition~~  
22 ~~of decisionmakers and interested persons for purposes of this~~  
23 ~~article, along with any requirements for written reporting of ex~~  
24 ~~parte communications and appropriate sanctions for noncompliance~~  
25 ~~with any rule proscribing ex parte communications. The definition~~  
26 ~~of decisionmakers shall include, but is not limited to: each~~  
27 ~~commissioner; the personal staff of a commissioner if the staff is~~  
28 ~~acting in a policy or legal advisory capacity; the chief~~  
29 ~~administrative law judge of the commission; and the administrative~~  
30 ~~law judge assigned to the proceeding. The commission shall, by~~  
31 ~~rule, explicitly ban both of the following:~~

32 (A) ~~The practice of one-way ex parte communications from a~~  
33 ~~decisionmaker to an interested person.~~

34 (B) ~~Any communication between an interested person and a~~  
35 ~~decisionmaker regarding which commissioner or administrative~~  
36 ~~law judge may be assigned to a matter before the commission.~~

37 (3) ~~For adjudication cases, the rules shall provide that ex parte~~  
38 ~~communications shall be prohibited, as required by this article.~~  
39 ~~The rules shall provide that if an ex parte communication occurs~~  
40 ~~that is prohibited by this article, or if an ex parte communication~~

1 ~~occurs in a ratesetting case or catastrophic wildfire proceeding,~~  
2 ~~whether initiated by a decisionmaker or an interested person, all~~  
3 ~~of the following shall be required:~~

4 ~~(A) The interested person shall report the communication within~~  
5 ~~three working days of the communication by filing a notice with~~  
6 ~~the commission that includes all the following:~~

7 ~~(i) The date, time, and location of the communication, whether~~  
8 ~~the communication was oral or written, or a combination of both,~~  
9 ~~and the communication medium used:~~

10 ~~(ii) The identity of the decisionmaker, the identity of the person~~  
11 ~~initiating the communication, and the identities of any other persons~~  
12 ~~present.~~

13 ~~(iii) The topic of the communication, including applicable~~  
14 ~~proceeding numbers.~~

15 ~~(iv) A substantive description of the interested person's~~  
16 ~~communication and its content.~~

17 ~~(v) A copy of any written material or text used during the~~  
18 ~~communication.~~

19 ~~(B) Any decisionmaker who participated in the communication~~  
20 ~~shall promptly log the ex parte communication by filing a notice~~  
21 ~~that includes all the following:~~

22 ~~(i) The date, time, and location of the communication, whether~~  
23 ~~the communication was oral or written, or a combination of both,~~  
24 ~~and the communication medium used.~~

25 ~~(ii) The identity of the interested person, the identity of the~~  
26 ~~person initiating the communication, and the identities of any other~~  
27 ~~persons present.~~

28 ~~(iii) The topic of the communication, including any applicable~~  
29 ~~proceeding numbers.~~

30 ~~(iv) A brief description of the communication.~~

31 ~~(C) If the interested person who participated in the~~  
32 ~~communication has not timely submitted the notice required by~~  
33 ~~subparagraph (A), the decisionmaker shall refer the matter to the~~  
34 ~~attorney for the commission, and an assigned commissioner, by~~  
35 ~~ruling, shall order the interested person to submit the required~~  
36 ~~notice. The interested person shall be subject to any applicable~~  
37 ~~penalties for the initial violation and, if the interested person does~~  
38 ~~not submit the required notice within the time period specified in~~  
39 ~~the assigned commissioner's ruling, the interested person shall be~~  
40 ~~subject to continuing violations pursuant to Section 2108.~~

1 ~~(4) The requirements of paragraph (3) shall not apply to any~~  
2 ~~oral ex parte communication occurring at a meeting if all parties~~  
3 ~~are invited to participate and given not less than three working~~  
4 ~~days' notice.~~

5 ~~(5) The commission shall not take any vote on a matter in which~~  
6 ~~a notice of a prohibited ex parte communication has been filed~~  
7 ~~pursuant to subparagraph (A) or (B) of paragraph (3) until all~~  
8 ~~parties to the proceeding have been provided a reasonable~~  
9 ~~opportunity to respond to the communication.~~

10 ~~(6) If an ex parte communication is not disclosed as required~~  
11 ~~by this subdivision until after the commission has issued a decision~~  
12 ~~on the matter to which the communication pertained, a party not~~  
13 ~~participating in the communication may file a petition to rescind~~  
14 ~~or modify the decision. The party may seek a finding that the ex~~  
15 ~~parte communication significantly influenced the decision's process~~  
16 ~~or outcome as part of any petition to rescind or modify the decision.~~  
17 ~~The commission shall process the petition in accordance with the~~  
18 ~~commission's procedures for petitions for modification and shall~~  
19 ~~issue a decision on the petition no later than 180 days after the~~  
20 ~~filing of the petition.~~

21 ~~(7) (A) Ex parte communications that occur at conferences and~~  
22 ~~that are within the scope of an adjudication, ratesetting, or~~  
23 ~~catastrophic wildfire proceeding shall be subject to the~~  
24 ~~requirements of this article.~~

25 ~~(B) Ex parte communications that occur at conferences and that~~  
26 ~~are within the scope of a quasi-legislative proceeding shall be~~  
27 ~~governed by the ex parte communication disclosure requirements~~  
28 ~~developed by the commission.~~

29 ~~(C) For purposes of this section, "ex parte communications that~~  
30 ~~occur at conferences" includes, but is not limited to,~~  
31 ~~communications in a private setting or during meals, entertainment~~  
32 ~~events, and tours, and informal discussions among conference~~  
33 ~~attendees.~~

34 ~~(8) The commission shall render its decisions based on the law~~  
35 ~~and on the evidence in the record. Ex parte communications shall~~  
36 ~~not be a part of the evidentiary record of the proceedings.~~

37 ~~(f) The commission may meet in a closed session to discuss~~  
38 ~~administrative matters so long as no collective consensus is reached~~  
39 ~~or vote taken on any matter requiring a vote of the commissioners.~~

1 The commission shall, by rule, adopt and publish a definition of  
2 “administrative matters” for purposes of this section.

3 ~~(g) The commission shall permit written comments received~~  
4 ~~from the public to be included in the record of its proceedings, but~~  
5 ~~the comments shall not be treated as evidence. The commission~~  
6 ~~shall provide parties to the proceeding a reasonable opportunity~~  
7 ~~to respond to any public comments included in the record of~~  
8 ~~proceedings.~~

9 ~~(h) It is the intent of the Legislature that the commission, and~~  
10 ~~any entity or person seeking to influence actions taken by the~~  
11 ~~commission, shall be subject to all applicable ethical standards,~~  
12 ~~including any applicable obligations under the Political Reform~~  
13 ~~Act of 1974 (Title 9 (commencing with Section 81000) of the~~  
14 ~~Government Code), including, but not limited to, any applicable~~  
15 ~~lobbying obligations.~~

16 ~~SEC. 15. Section 1701.3 of the Public Utilities Code is~~  
17 ~~amended to read:~~

18 ~~1701.3. (a) Except as specified in subdivision (g), this section~~  
19 ~~shall apply only to ratesetting cases, except, if the commissioner~~  
20 ~~assigned pursuant to Section 1701.1 has determined that a~~  
21 ~~ratesetting case does not require a hearing, the procedures~~  
22 ~~prescribed by subdivisions (b), (d), and (h) shall not apply.~~

23 ~~(b) The assigned commissioner shall determine before the first~~  
24 ~~hearing whether the commissioner or the assigned administrative~~  
25 ~~law judge will preside over the hearing. The decision of the~~  
26 ~~assigned commissioner shall be the proposed decision.~~

27 ~~(c) An alternate decision may be issued by any commissioner~~  
28 ~~other than the assigned commissioner. Any alternate decision may~~  
29 ~~be filed with the commission and served upon all parties to the~~  
30 ~~proceeding any time before issuance of a final decision by the~~  
31 ~~commission, consistent with the requirements of Section 311.~~

32 ~~(d) The commission shall establish a procedure for any party~~  
33 ~~to request the presence of a commissioner at a hearing. The~~  
34 ~~assigned commissioner shall be present at any closing arguments~~  
35 ~~in the case.~~

36 ~~(e) The assigned commissioner, or the commissioner’s designee,~~  
37 ~~shall present the proposed decision to the full commission in a~~  
38 ~~public meeting. The alternate decision, if any, shall also be~~  
39 ~~presented to the full commission at that public meeting.~~

1 ~~(f) The commission shall provide by rule for peremptory~~  
2 ~~challenges and challenges for cause of the administrative law judge.~~  
3 ~~Challenges for cause shall include, but not be limited to, challenges~~  
4 ~~for financial interests and prejudice. All parties shall be entitled~~  
5 ~~to unlimited peremptory challenges in any case in which the~~  
6 ~~administrative law judge has within the previous 12 months served~~  
7 ~~in any capacity in an advocacy position at the commission, been~~  
8 ~~employed by a regulated public utility, or has represented a party~~  
9 ~~or has been an interested person in the case.~~

10 ~~(g) (1) Ex parte communications in ratesetting cases and~~  
11 ~~catastrophic wildfire proceedings are subject to the disclosure~~  
12 ~~requirements of this article. The commission, by order or ruling,~~  
13 ~~may prohibit ex parte communications in a ratesetting case or~~  
14 ~~catastrophic wildfire proceeding.~~

15 ~~(2) Oral communications may be permitted by a decisionmaker~~  
16 ~~if all parties are given not less than three working days' notice.~~  
17 ~~No individual ex parte meetings shall be held during the three~~  
18 ~~business days before the commission's scheduled vote on the~~  
19 ~~decision.~~

20 ~~(3) (A) If an ex parte communication meeting is granted to any~~  
21 ~~party, all other parties, upon request, shall also be granted~~  
22 ~~individual ex parte meetings of a substantially equal period of time~~  
23 ~~and shall be sent a notice of that opportunity at the time the request~~  
24 ~~is granted.~~

25 ~~(B) Subparagraph (A) shall not apply if the decisionmaker~~  
26 ~~participating in the ex parte communication meeting is a member~~  
27 ~~of the personal staff of a commissioner acting in a policy or legal~~  
28 ~~advisory capacity and no other decisionmaker to whom~~  
29 ~~subparagraph (A) applies is a participant.~~

30 ~~(4) Written ex parte communications by any interested person~~  
31 ~~may be permitted if copies of the communication are transmitted~~  
32 ~~to all parties on the same day as the original communication.~~

33 ~~(5) Written and oral ex parte communications shall not be part~~  
34 ~~of the evidentiary record of the proceeding.~~

35 ~~(6) (A) The commission may meet in closed session on any~~  
36 ~~proposed decision in a ratesetting case or catastrophic wildfire~~  
37 ~~proceeding and may establish a "quiet period" during the three~~  
38 ~~business days before the commission's scheduled vote on the~~  
39 ~~decision during which no oral ex parte communications may be~~  
40 ~~permitted.~~

1 ~~(B) Any meeting of the commission during the quiet period~~  
2 ~~shall require a minimum of three days' advance public notice.~~

3 ~~(C) The requirement specified in subparagraph (F) of paragraph~~  
4 ~~(1) of subdivision (b) of Section 11123 of the Government Code~~  
5 ~~shall not apply to a meeting of the commission during a quiet~~  
6 ~~period that is held by teleconference.~~

7 ~~(h) Any party has the right to present a final oral argument of~~  
8 ~~its case before the commission. Upon request to present a final~~  
9 ~~oral argument before the commission, the argument shall be~~  
10 ~~scheduled in a timely manner. A quorum of the commission shall~~  
11 ~~be present for the final oral arguments.~~

12 ~~(i) The commission may, in issuing its decision, adopt, modify,~~  
13 ~~or set aside the proposed decision or any part of the decision based~~  
14 ~~on evidence in the record. The final decision of the commission~~  
15 ~~shall be issued not later than 60 days after the issuance of the~~  
16 ~~proposed decision. Under extraordinary circumstances the~~  
17 ~~commission may extend this date for a reasonable period. The~~  
18 ~~60-day period shall be extended for 30 days if any alternate~~  
19 ~~decision is proposed pursuant to Section 311.~~

20 ~~SEC. 16. Section 1701.4 of the Public Utilities Code is~~  
21 ~~amended to read:~~

22 ~~1701.4. (a) This section shall apply only to quasi-legislative~~  
23 ~~eases, except, if the commissioner assigned pursuant to Section~~  
24 ~~1701.1 has determined that a quasi-legislative ease does not require~~  
25 ~~a hearing, the procedures prescribed by subdivisions (b), (d), and~~  
26 ~~(e) shall not apply.~~

27 ~~(b) The assigned commissioner shall prepare the proposed rule~~  
28 ~~or order with the assistance of any assigned technical advisory~~  
29 ~~staff, which may include an administrative law judge. The assigned~~  
30 ~~commissioner shall present the proposed rule or order to the full~~  
31 ~~commission in a public meeting.~~

32 ~~(c) Ex parte communications in quasi-legislative proceedings~~  
33 ~~are permitted and not subject to the disclosure requirements of this~~  
34 ~~article, except when the commission, by order or ruling, determines~~  
35 ~~either of the following:~~

36 ~~(1) That ex parte communications are subject to the disclosure~~  
37 ~~requirements of this article.~~

38 ~~(2) That ex parte communications are prohibited and subject to~~  
39 ~~the disclosure requirements of this article.~~

1 ~~(d) Any party has the right to present a final oral argument of~~  
2 ~~its case before the commission. Upon request to present a final~~  
3 ~~oral argument before the commission, the argument shall be~~  
4 ~~scheduled in a timely manner. A quorum of the commission shall~~  
5 ~~be present for the final oral arguments.~~

6 ~~(e) The commission may, in issuing its rule or order, adopt,~~  
7 ~~modify, or set aside the proposed decision or any part of the rule~~  
8 ~~or order. The final rule or order of the commission shall be issued~~  
9 ~~not later than 60 days after the issuance of the proposed rule or~~  
10 ~~order. Under extraordinary circumstances the commission may~~  
11 ~~extend this date for a reasonable period. The 60-day period shall~~  
12 ~~be extended for 30 days if any alternate rule or order is proposed~~  
13 ~~pursuant to Section 311.~~

14 ~~(f) No informality in the manner of taking testimony or evidence~~  
15 ~~shall invalidate any order, decision, or rule made, approved, or~~  
16 ~~confirmed by the commission in quasi-legislative cases.~~

17 *SEC. 11. Section 854 of the Public Utilities Code is amended*  
18 *to read:*

19 854. (a) No person or corporation, whether or not organized  
20 under the laws of this state, shall merge, acquire, or ~~control~~ control,  
21 including pursuant to a change in control as described in  
22 subparagraphs (D) to (F), inclusive, of paragraph (1) of  
23 subdivision (b) of Section 854.2, either directly or ~~indirectly~~  
24 indirectly, any public utility organized and doing business in this  
25 state without first securing authorization to do so from the  
26 commission. The commission may establish by order or rule the  
27 definitions of what constitute merger, acquisition, or control  
28 activities which are subject to this section. Any merger, acquisition,  
29 or control without that prior authorization shall be void and of no  
30 effect. No public utility organized and doing business under the  
31 laws of this state, and no subsidiary or affiliate of, or corporation  
32 holding a controlling interest in a public utility, shall aid or abet  
33 any violation of this section.

34 (b) Before authorizing the merger, acquisition, or control of any  
35 electrical, gas, or telephone corporation organized and doing  
36 business in this state, where any of the utilities that are parties to  
37 the proposed transaction has gross annual California revenues  
38 exceeding five hundred million dollars (\$500,000,000), the  
39 commission shall find that the proposal does all of the following:

- 1 (1) Provides short-term and long-term economic benefits to  
2 ratepayers.
- 3 (2) Equitably allocates, where the commission has ratemaking  
4 authority, the total short-term and long-term forecasted economic  
5 benefits, as determined by the commission, of the proposed merger,  
6 acquisition, or control, between shareholders and ratepayers.  
7 Ratepayers shall receive not less than 50 percent of those benefits.
- 8 (3) Not adversely affect competition. In making this finding,  
9 the commission shall request an advisory opinion from the Attorney  
10 General regarding whether competition will be adversely affected  
11 and what mitigation measures could be adopted to avoid this result.
- 12 (4) For an electric or gas utility, ensures the utility will have an  
13 adequate workforce to maintain the safe and reliable operation of  
14 the utility assets.
- 15 (c) Before authorizing the merger, acquisition, or control of any  
16 electrical, gas, or telephone corporation organized and doing  
17 business in this state, where any of the entities that are parties to  
18 the proposed transaction has gross annual California revenues  
19 exceeding five hundred million dollars (\$500,000,000), the  
20 commission shall consider each of the criteria listed in paragraphs  
21 (1) to (8), inclusive, and find, on balance, that the merger,  
22 acquisition, or control proposal is in the public interest.
- 23 (1) Maintain or improve the financial condition of the resulting  
24 public utility doing business in the state.
- 25 (2) Maintain or improve the quality of service to public utility  
26 ratepayers in the state.
- 27 (3) Maintain or improve the quality of management of the  
28 resulting public utility doing business in the state.
- 29 (4) Be fair and reasonable to affected public utility employees,  
30 including both union and nonunion employees.
- 31 (5) Be fair and reasonable to the majority of all affected public  
32 utility shareholders.
- 33 (6) Be beneficial on an overall basis to state and local  
34 economies, and to the communities in the area served by the  
35 resulting public utility.
- 36 (7) Preserve the jurisdiction of the commission and the capacity  
37 of the commission to effectively regulate and audit public utility  
38 operations in the state.
- 39 (8) Provide mitigation measures to prevent significant adverse  
40 consequences which may result.

1 (d) When reviewing a merger, acquisition, or control proposal,  
2 the commission shall consider reasonable options to the proposal  
3 recommended by other parties, including no new merger,  
4 acquisition, or control, to determine whether comparable short-term  
5 and long-term economic savings can be achieved through other  
6 means while avoiding the possible adverse consequences of the  
7 proposal.

8 (e) The person or corporation seeking acquisition or control of  
9 a public utility organized and doing business in this state shall  
10 have, before the commission, the burden of proving by a  
11 preponderance of the evidence that the requirements of subdivisions  
12 (b) and (c) are met.

13 (f) In determining whether an acquiring utility has gross annual  
14 revenues exceeding the amount specified in subdivisions (b) and  
15 (c), the revenues of that utility's affiliates shall not be considered  
16 unless the affiliate was utilized for the purpose of effecting the  
17 merger, acquisition, or control.

18 (g) Paragraphs (1) and (2) of subdivision (b) shall not apply to  
19 the formation of a holding company.

20 (h) For purposes of paragraphs (1) and (2) of subdivision (b),  
21 the legislature does not intend to include acquisitions or changes  
22 in control that are mandated by either the commission or the  
23 Legislature as a result of, or in response to any electric industry  
24 restructuring. However, the value of an acquisition or change in  
25 control may be used by the commission in determining the costs  
26 or benefits attributable to any electric industry restructuring and  
27 for allocating those costs or benefits for collection in rates.

28 *SEC. 12. Section 854.2 of the Public Utilities Code is amended*  
29 *to read:*

30 854.2. (a) The Legislature finds and declares all of the  
31 following:

32 (1) California's electric and gas utilities provide essential  
33 services to California residents and businesses, which are necessary  
34 to maintaining the vitality of California's economy.

35 (2) Consistent with Sections 913.4, 961, and 977, an adequately  
36 sized workforce of experienced electric and gas utility employees  
37 with the appropriate training and skills, as well as the knowledge  
38 of an electric or gas utility's facilities and equipment, is essential  
39 to the safe, efficient, and uninterrupted provision of electrical and  
40 gas services. Safe and reliable electric and gas utility service is

1 vital to public health, public safety, air quality, and reducing  
2 emissions of greenhouse gases.

3 (3) Changes in the ownership or control of an electrical  
4 corporation or gas corporation may create uncertainty regarding  
5 the safe, efficient, and continuous provision of safe and reliable  
6 electrical and gas service to California consumers, leading to  
7 economic instability.

8 (4) Mass displacement of electrical corporation or gas  
9 corporation workers as a result of a change in the ownership or  
10 control of an electrical corporation or gas corporation causes  
11 excessive reliance on the unemployment insurance system, and  
12 public social services and health programs, increasing costs to  
13 these vital governmental programs and placing a significant burden  
14 on the state and California taxpayers.

15 (5) The state has a compelling interest in ensuring that when  
16 there is a change in the ownership or control of an electrical  
17 corporation or gas corporation, the new employer maintains a  
18 qualified and knowledgeable workforce with the ability to ensure  
19 safe, efficient, reliable, and continuous service to California  
20 consumers and communities.

21 (6) *Because of destructive and deadly wildfires and gas pipeline*  
22 *explosions, the electric and gas industries are in an unprecedented*  
23 *state of instability. One combined electrical and gas corporation*  
24 *has sought bankruptcy protection. All the major electrical*  
25 *corporations have had their credit ratings lowered to junk bond*  
26 *status or are at risk of downgrades to junk bond status. This*  
27 *jeopardizes the ability of these corporations to provide safe and*  
28 *reliable electric and gas service, to reduce the risk of future*  
29 *catastrophes, to provide service at just and reasonable rates, to*  
30 *meet the state's mandates to reduce carbon emissions, and to*  
31 *address the risks of climate change.*

32 (7) *There is a nationwide shortage of the qualified utility line*  
33 *workers and qualified line clearance tree trimmers needed to*  
34 *prevent and respond to wildfires, storms, and other major events.*  
35 *Because this work is performed on and near high voltage lines*  
36 *and other energized electrical equipment, these jobs require*  
37 *substantial training and are highly dangerous. Current efforts to*  
38 *hire enough qualified people to perform these functions have fallen*  
39 *short even though exceptional compensation packages are being*  
40 *offered. Any reduction in the number or qualifications of these*

1 *employees would increase the risk to employees and the risk of*  
2 *future catastrophic wildfires, and would increase the frequency*  
3 *and duration of outages, particularly as a result of more common*  
4 *and more severe major storms. It is in the interest of the state and*  
5 *its citizens that utilities have the qualified workforce necessary to*  
6 *minimize the risk of future wildfires, to minimize future outages*  
7 *and to restore service as promptly as possible after storms.*

8 (8) *For the reasons provided in this subdivision, the Legislature*  
9 *must take action to stabilize the utility workforce so as to preserve*  
10 *the ability of utilities to provide safe and reliable electric and gas*  
11 *service. This requires that the size of the workforce be preserved*  
12 *or increased, and workers not be lost to other utilities offering*  
13 *more stable employment or better compensation.*

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

16 (1) “Change of control” means any event of the following:

17 (A) *An event that triggers the application of Section 851 or ~~854,~~*  
18 *~~any~~ 854.*

19 (B) *A material change in ownership of the electric corporation*  
20 *or gas corporation, its parent company or its holding ~~company,~~ or*  
21 *~~any~~ company.*

22 (C) *A filing seeking bankruptcy protection.*

23 (D) *The sale of all or a material portion of the assets of the*  
24 *electrical corporation or gas corporation, its parent company, or*  
25 *its holding company, or any merger, consolidation, or acquisition*  
26 *of the electrical corporation or gas corporation, its parent*  
27 *company, or its holding company with, by, or into another*  
28 *corporation, entity, or person.*

29 (E) *In the case of a combined electrical and gas corporation,*  
30 *the change in ownership of all or a substantial portion of either*  
31 *the gas or electric line of business of the combined corporation.*

32 (F) *A voluntary or involuntary change in ownership of assets*  
33 *from an electrical or gas corporation to ownership by a public*  
34 *entity.*

35 (2) (A) “Covered employee” means an individual who has been  
36 employed by an electrical corporation or gas corporation for at  
37 least 90 days immediately before a change of control affecting that  
38 individual’s principal place of employment. A change of control  
39 affects a covered employee’s principal place of employment where  
40 the change of control results in the predecessor employer

1 transferring control of the place of employment to the successor  
 2 employer.

3 (B) “Covered employee” does not include any of the following:

- 4 (i) A managerial, supervisory, or confidential employee.
- 5 (ii) A temporary employee.
- 6 (iii) A part-time employee who has worked less than 20 hours  
 7 per week for the predecessor employer for at least 90 days  
 8 immediately before the change of control.

9 (3) “Person” means a corporation as defined in Section 204, a  
 10 person as defined in Section 205, any other individual, corporation,  
 11 partnership, limited partnership, limited liability partnership,  
 12 limited liability company, business trust, estate, trust, association,  
 13 joint venture, agency, instrumentality, or any other legal or  
 14 commercial entity, whether domestic or foreign.

15 (4) “Predecessor employer” means the person who controls the  
 16 electric or gas utility before the change of control.

17 (5) “Principal place of employment” of an employee means the  
 18 office or other facility of the electrical corporation or gas  
 19 corporation where the employee is principally assigned to work  
 20 by the predecessor employer.

21 (6) “Successor employer” means the person who controls the  
 22 electrical corporation or gas corporation after the change of control.

23 (7) “Total compensation” means the combined value of the  
 24 covered employee’s wages and benefits immediately before the  
 25 change of control. Total compensation may be paid entirely as  
 26 wages or in any combination of wages and fringe benefits, to be  
 27 determined by the successor employer. Total compensation  
 28 includes, but is not necessarily limited to, both of the following  
 29 amounts:

30 (A) The covered employee’s hourly wage rate or the per diem  
 31 value of the covered employee’s monthly salary.

32 (B) Employer payments toward the covered employee’s health  
 33 and welfare and pension benefits. Employer payments toward  
 34 health and welfare and pension benefits shall include only those  
 35 payments that are recognized as employer payments under  
 36 paragraphs (1) and (2) of subdivision (b) of Section 1773.1 of the  
 37 Labor Code.

38 (8) “Transition period” means a period of 180 days immediately  
 39 following the effective date of a change of control.

1 (c) (1) Except as otherwise provided in this section, a successor  
2 employer shall retain all covered employees for at least the  
3 transition period following a change of control, unless the  
4 commission approves a reduction in the workforce pursuant to  
5 subdivision (i). During the transition period, the successor employer  
6 shall not reduce the total compensation of a covered employee.

7 (2) During the transition period, a successor employer shall not  
8 terminate a covered employee without cause.

9 ~~(3) A successor employer and a labor organization representing  
10 covered employees may, in a collective bargaining agreement,  
11 provide that the agreement supersedes the requirements of this  
12 section.~~

13 (d) (1) No later than 15 days before the effective date of a  
14 change of control, the predecessor employer shall ~~cause to be  
15 posted~~ *do both of the following:*

16 (A) *Cause to be posted, in a conspicuous place in a manner that  
17 is readily viewed by covered employees, a public notice of the  
18 change of control at each principal place of employment of any  
19 covered employee.* ~~The~~

20 (B) *Cause the notice to be sent to any labor organization that  
21 represents covered employees.*

22 (2) *The notice shall include the name of the predecessor  
23 employer and its contact information, the name of the successor  
24 employer and its contact information, and the effective date of the  
25 change of control. The notice shall be posted in a conspicuous  
26 place in a manner that is readily viewed by covered employees.  
27 No later than 15 days before the effective date of a change of  
28 control, the predecessor employer shall also cause the notice to be  
29 sent to any labor organization that represents covered employees.*

30 (e) This part shall not be construed to limit the right of covered  
31 employees to bring legal action for wrongful termination.

32 (f) The rights and remedies provided pursuant to this section  
33 are in addition to, and are not intended to supplant, any existing  
34 rights or remedies.

35 (g) No later than 15 days before the effective date of a change  
36 of control, a predecessor employer shall provide to the successor  
37 employer the name, address, date of hire, total compensation, and  
38 classification of each covered employee.

39 (h) A successor employer shall retain the following written or  
40 electronic records for at least three years:

- 1 (1) The list provided to the successor employer pursuant to
- 2 subdivision (g).
- 3 (2) Any offer of employment made to a covered employee.
- 4 (3) Any termination of a covered employee during a transition
- 5 period, including the reasons for the termination.
- 6 (4) Any written evaluation of a covered employee.
- 7 (i) ~~For two~~ *three* years after the transition ~~period, period and~~
- 8 *subject to the provisions of any existing collective bargaining*
- 9 *agreement, a successor employer may reduce shall provide to*
- 10 *employees who would have qualified as covered employees had*
- 11 *they been employed during the 90-day period immediately before*
- 12 *a change of control no less than the wages, hours, and other terms*
- 13 *and conditions of employment provided before the change of*
- 14 *control, including any previously negotiated increase in wages,*
- 15 *and shall maintain no less than the total number of employees*
- 16 *who would have qualified as covered employees had they been*
- 17 *employed during the 90-day period immediately before a change*
- 18 *of control control. The successor employer may reduce the wages,*
- 19 *hours, and other terms and conditions of employment or the total*
- 20 *number of employees in a manner inconsistent with collective*
- 21 *bargaining agreements only if approved authorized by the*
- 22 ~~commission.~~ *commission in a final, nonappealable decision. The*
- 23 *commission shall not authorize a successor employer to reduce*
- 24 *the number of those employees provide this authorization except*
- 25 *on a showing proof by a preponderance of the evidence in an*
- 26 *application proceeding of all of the following:*
- 27 (1) ~~The electrical corporation or gas corporation has conducted~~
- 28 ~~a study of the nature and~~ *Neither the nature nor* scope of the work
- 29 performed by those employees proposed to be eliminated ~~and the~~
- 30 ~~study shows that neither the nature nor the scope of this work is~~
- 31 necessary to providing safe and reliable utility service. *The*
- 32 *electrical corporation or gas corporation shall provide an*
- 33 *independent third-party study to support its position. Other parties*
- 34 *to the proceeding shall be provided with an opportunity to conduct*
- 35 *their own studies.*
- 36 (2) *The proposed new wages, hours, and other terms and*
- 37 *conditions of employment shall be consistent with wages, hours,*
- 38 *and other terms for California electrical corporations and gas*
- 39 *corporations. The electrical corporation or gas corporation shall*
- 40 *provide an independent third-party study to support its position.*

1 *Other parties to the proceeding shall be provided an opportunity*  
2 *to conduct their own studies.*

3 ~~(2)~~

4 (3) There will be no reduction in the ability of ~~those~~ employees  
5 *of the electrical or gas corporation* to prevent damage from or to  
6 respond to an emergency such as a wildfire, storm, flood, mudslide,  
7 or earthquake, or to gas leaks, electric outages, interconnection  
8 requests, work requested by others, locate and mark requests, or  
9 other utility services.

10 ~~(3)~~

11 (4) There will be no reduction in the ability of the electrical  
12 corporation or gas corporation to respond to mutual aid requests  
13 of other utilities.

14 (j) A successor employer may terminate an employee with cause  
15 consistent with any applicable selective bargaining agreement  
16 during the period specified in subdivision (i).

17 (k) *A successor employer and a labor organization representing*  
18 *covered employees may, in a collective bargaining agreement,*  
19 *provide that the agreement supersedes the requirements of this*  
20 *section with respect to the represented employees.*

21 ~~(k)~~

22 (l) The provisions of this section are severable. If any provision  
23 of this section or its application is held invalid, that invalidity shall  
24 not affect other provisions or applications that can be given effect  
25 without the invalid provision or application.

26 *SEC. 13. Section 1701.1 of the Public Utilities Code is amended*  
27 *to read:*

28 1701.1. (a) The commission shall determine whether each  
29 proceeding is a quasi-legislative, an adjudication, ~~or a ratesetting~~  
30 *a ratesetting, or a catastrophic wildfire* proceeding. The  
31 commission's decision as to the nature of the proceeding shall be  
32 subject to a request for rehearing within 10 days of the date of that  
33 decision or of any subsequent ruling that expands the scope of the  
34 proceeding. Only those parties who have requested a rehearing  
35 within that time period shall subsequently have standing for judicial  
36 review and that review shall only be available at the conclusion  
37 of the proceeding. The commission shall render its decision  
38 regarding the rehearing within 30 days. The commission shall  
39 establish rules regarding ex parte communication on case  
40 categorization issues.

1 (b) (1) The commission, upon initiating an adjudication  
2 proceeding or ratesetting proceeding, shall assign one or more  
3 commissioners to oversee the case and an administrative law judge  
4 when appropriate. The assigned commissioner shall schedule a  
5 prehearing conference and shall prepare and issue by order or  
6 ruling a scoping memo that describes the issues to be considered  
7 and the applicable timetable for resolution and that, consistent with  
8 due process, public policy, and statutory requirements, determines  
9 whether the proceeding requires a hearing.

10 (2) The administrative law judge shall either preside over and  
11 conduct, or assist the assigned commissioner or commissioners in  
12 presiding over and conducting, any evidentiary or adjudication  
13 hearing that may be required.

14 (c) The commission, upon initiating a quasi-legislative  
15 proceeding, shall assign one or more commissioners to oversee  
16 the case and an administrative law judge, when appropriate, who  
17 may be assisted by a technical advisory staff member in conducting  
18 the proceeding. The assigned commissioner shall prepare and issue  
19 by order or ruling a scoping memo that describes the issues to be  
20 considered and the applicable timetable for resolution and that,  
21 consistent with due process, public policy, and statutory  
22 requirements, determines whether the proceeding requires a  
23 hearing.

24 (d) (1) Quasi-legislative cases, for purposes of this article, are  
25 cases that establish policy, including, but not limited to,  
26 rulemakings and investigations that may establish rules affecting  
27 an entire industry.

28 (2) Adjudication cases, for purposes of this article, are  
29 enforcement cases and complaints except those challenging the  
30 reasonableness of any rates or charges as specified in Section 1702.

31 (3) Ratesetting cases, for purposes of this article, are cases in  
32 which rates are established for a specific company, including, but  
33 not limited to, general rate cases, performance-based ratemaking,  
34 and other ratesetting mechanisms.

35 (4) *Catastrophic wildfire proceedings, for purposes of this*  
36 *article, are proceedings in which an electrical corporation files*  
37 *an application to recover costs and expenses pursuant to Section*  
38 *451 or 451.1, as applicable, related to a covered wildfire, as*  
39 *defined in Section 1701.8.*

1 (e) (1) (A) “Ex parte communication,” for purposes of this  
2 article, means any oral or written communication between a  
3 decisionmaker and an interested person concerning any matter  
4 before the commission that the commission has not specified in  
5 its Rules of Practice and Procedure as being a procedural matter  
6 and that does not occur in a public hearing, workshop, or other  
7 public proceeding, or on the official record of the proceeding on  
8 the matter. The commission shall specify in its Rules of Practice  
9 and Procedure, enacted by rulemaking, the types of issues  
10 considered procedural matters under this article.

11 (B) “Interested person,” for purposes of this article, means any  
12 of the following:

13 (i) Any applicant, an agent or an employee of the applicant, or  
14 a person receiving consideration for representing the applicant, or  
15 a participant in the proceeding on any matter before the  
16 commission.

17 (ii) Any person with a financial interest, as described in Article  
18 1 (commencing with Section 87100) of Chapter 7 of Title 9 of the  
19 Government Code, in a matter before the commission, an agent  
20 or employee of the person with a financial interest, or a person  
21 receiving consideration for representing the person with a financial  
22 interest. A person involved in issuing credit ratings or advising  
23 entities or persons who invest in the shares or operations of any  
24 party to a proceeding is a person with a financial interest.

25 (iii) A representative acting on behalf of any civic,  
26 environmental, neighborhood, business, labor, trade, or similar  
27 organization who intends to influence the decision of a commission  
28 member on a matter before the commission.

29 (iv) Other categories of individuals deemed by the commission,  
30 by rule, to be an interested person.

31 (2) The commission shall by rule adopt and publish a definition  
32 of decisionmakers and interested persons for purposes of this  
33 article, along with any requirements for written reporting of ex  
34 parte communications and appropriate sanctions for noncompliance  
35 with any rule proscribing ex parte communications. The definition  
36 of decisionmakers shall include, but is not limited to: each  
37 commissioner; the personal staff of a commissioner if the staff is  
38 acting in a policy or legal advisory capacity; the chief  
39 administrative law judge of the commission; and the administrative

1 law judge assigned to the proceeding. The commission shall, by  
2 rule, explicitly ban both of the following:

3 (A) The practice of one-way ex parte communications from a  
4 decisionmaker to an interested person.

5 (B) Any communication between an interested person and a  
6 decisionmaker regarding which commissioner or administrative  
7 law judge may be assigned to a matter before the commission.

8 (3) For adjudication cases, the rules shall provide that ex parte  
9 communications shall be prohibited, as required by this article.  
10 The rules shall provide that if an ex parte communication occurs  
11 that is prohibited by this article, or if an ex parte communication  
12 occurs in a ratesetting—~~ease~~, *case or catastrophic wildfire*  
13 *proceeding*, whether initiated by a decisionmaker or an interested  
14 person, all of the following shall be required:

15 (A) The interested person shall report the communication within  
16 three working days of the communication by filing a notice with  
17 the commission that includes all the following:

18 (i) The date, time, and location of the communication, whether  
19 the communication was oral or written, or a combination of both,  
20 and the communication medium used.

21 (ii) The identity of the decisionmaker, the identity of the person  
22 initiating the communication, and the identities of any other persons  
23 present.

24 (iii) The topic of the communication, including applicable  
25 proceeding numbers.

26 (iv) A substantive description of the interested person's  
27 communication and its content.

28 (v) A copy of any written material or text used during the  
29 communication.

30 (B) Any decisionmaker who participated in the communication  
31 shall promptly log the ex parte communication by filing a notice  
32 that includes all the following:

33 (i) The date, time, and location of the communication, whether  
34 the communication was oral or written, or a combination of both,  
35 and the communication medium used.

36 (ii) The identity of the interested person, the identity of the  
37 person initiating the communication, and the identities of any other  
38 persons present.

39 (iii) The topic of the communication, including any applicable  
40 proceeding numbers.

1 (iv) A brief description of the communication.

2 (C) If the interested person who participated in the  
3 communication has not timely submitted the notice required by  
4 subparagraph (A), the decisionmaker shall refer the matter to the  
5 attorney for the commission, and an assigned commissioner, by  
6 ruling, shall order the interested person to submit the required  
7 notice. The interested person shall be subject to any applicable  
8 penalties for the initial violation and, if the interested person does  
9 not submit the required notice within the time period specified in  
10 the assigned commissioner’s ruling, the interested person shall be  
11 subject to continuing violations pursuant to Section 2108.

12 (4) The requirements of paragraph (3) shall not apply to any  
13 oral ex parte communication occurring at a meeting if all parties  
14 are invited to participate and given not less than three working  
15 days’ notice.

16 (5) The commission shall not take any vote on a matter in which  
17 a notice of a prohibited ex parte communication has been filed  
18 pursuant to subparagraph (A) or (B) of paragraph (3) until all  
19 parties to the proceeding have been provided a reasonable  
20 opportunity to respond to the communication.

21 (6) If an ex parte communication is not disclosed as required  
22 by this subdivision until after the commission has issued a decision  
23 on the matter to which the communication pertained, a party not  
24 participating in the communication may file a petition to rescind  
25 or modify the decision. The party may seek a finding that the ex  
26 parte communication significantly influenced the decision’s process  
27 or outcome as part of any petition to rescind or modify the decision.  
28 The commission shall process the petition in accordance with the  
29 commission’s procedures for petitions for modification and shall  
30 issue a decision on the petition no later than 180 days after the  
31 filing of the petition.

32 (7) (A) Ex parte communications that occur at conferences and  
33 that are within the scope of an ~~an adjudication or ratesetting~~  
34 *adjudication, ratesetting, or catastrophic wildfire* proceeding shall  
35 be subject to the requirements of this article.

36 (B) Ex parte communications that occur at conferences and that  
37 are within the scope of a quasi-legislative proceeding shall be  
38 governed by the ex parte communication disclosure requirements  
39 developed by the commission.

1 (C) For purposes of this section, “ex parte communications that  
2 occur at conferences” includes, but is not limited to,  
3 communications in a private setting or during meals, entertainment  
4 events, and tours, and informal discussions among conference  
5 attendees.

6 (8) The commission shall render its decisions based on the law  
7 and on the evidence in the record. Ex parte communications shall  
8 not be a part of the evidentiary record of the proceedings.

9 (f) The commission may meet in a closed session to discuss  
10 administrative matters so long as no collective consensus is reached  
11 or vote taken on any matter requiring a vote of the commissioners.  
12 The commission shall, by rule, adopt and publish a definition of  
13 “administrative matters” for purposes of this section.

14 (g) The commission shall permit written comments received  
15 from the public to be included in the record of its proceedings, but  
16 the comments shall not be treated as evidence. The commission  
17 shall provide parties to the proceeding a reasonable opportunity  
18 to respond to any public comments included in the record of  
19 proceedings.

20 (h) It is the intent of the Legislature that the commission, and  
21 any entity or person seeking to influence actions taken by the  
22 commission, shall be subject to all applicable ethical standards,  
23 including any applicable obligations under the Political Reform  
24 Act of 1974 (Title 9 (commencing with Section 81000) of the  
25 Government Code), including, but not limited to, any applicable  
26 lobbying obligations.

27 *SEC. 14. Section 1701.3 of the Public Utilities Code is amended*  
28 *to read:*

29 1701.3. (a) ~~This~~ *Except as specified in subdivision (h), this*  
30 *section shall apply only to ratesetting cases, except, if the*  
31 *commissioner assigned pursuant to Section 1701.1 has determined*  
32 *that a ratesetting case does not require a hearing, the procedures*  
33 *prescribed by subdivisions (b), (d), (f), and (i) shall not apply.*

34 (b) The assigned commissioner shall determine prior to the first  
35 hearing whether the commissioner or the assigned administrative  
36 law judge shall be designated as the principal hearing officer. The  
37 principal hearing officer shall be present for more than one-half  
38 of the hearing days. The decision of the principal hearing officer  
39 shall be the proposed decision.

1 (c) An alternate decision may be issued by the assigned  
2 commissioner or the assigned administrative law judge who is not  
3 the principal hearing officer. Any alternate decision may be filed  
4 with the commission and served upon all parties to the proceeding  
5 any time prior to issuance of a final decision by the commission,  
6 consistent with the requirements of Section 311.

7 (d) The commission shall establish a procedure for any party  
8 to request the presence of a commissioner at a hearing. The  
9 assigned commissioner shall be present at any closing arguments  
10 in the case.

11 (e) The principal hearing officer shall present the proposed  
12 decision to the full commission in a public meeting. The alternate  
13 decision, if any, shall also be presented to the full commission at  
14 that public meeting.

15 (f) The presentation to the full commission shall contain a record  
16 of the number of days of the hearing, the number of days that each  
17 commissioner was present, and whether the decision was completed  
18 on time.

19 (g) The commission shall provide by rule for peremptory  
20 challenges and challenges for cause of the administrative law judge.  
21 Challenges for cause shall include, but not be limited to, financial  
22 interests and prejudice. All parties shall be entitled to unlimited  
23 peremptory challenges in any case in which the administrative law  
24 judge has within the previous 12 months served in any capacity  
25 in an advocacy position at the commission, been employed by a  
26 regulated public utility, or has represented a party or has been an  
27 interested person in the case.

28 (h) (1) Ex parte communications in ratesetting cases *and*  
29 *catastrophic wildfire proceedings* are subject to the disclosure  
30 requirements of this article. The commission, by order or ruling,  
31 may prohibit ex parte communications in a ratesetting-~~ease~~: *case*  
32 *or catastrophic wildfire proceeding*.

33 (2) Oral communications may be permitted by a decisionmaker  
34 if all parties are given not less than three working days' notice.  
35 No individual ex parte meetings shall be held during the three  
36 business days before the commission's scheduled vote on the  
37 decision.

38 (3) (A) If an ex parte communication meeting is granted to any  
39 party, all other parties, upon request, shall also be granted  
40 individual ex parte meetings of a substantially equal period of time

1 and shall be sent a notice of that opportunity at the time the request  
2 is granted.

3 (B) Subparagraph (A) shall not apply if the decisionmaker  
4 participating in the ex parte communication meeting is a member  
5 of the personal staff of a commissioner acting in a policy or legal  
6 advisory capacity and no other decisionmaker to whom  
7 subparagraph (A) applies is a participant.

8 (4) Written ex parte communications by any interested person  
9 may be permitted if copies of the communication are transmitted  
10 to all parties on the same day as the original communication.

11 (5) Written and oral ex parte communications shall not be part  
12 of the evidentiary record of the proceeding.

13 (6) (A) The commission may establish a “quiet period” during  
14 which no oral or written ex parte communications may be permitted  
15 and the commission may meet in closed session during that period.

16 (B) A quiet period may be established only during the following  
17 periods:

18 (i) After a proposed decision or order is issued and is scheduled  
19 for a vote.

20 (ii) After a proposed decision is scheduled for a vote, but is then  
21 held and rescheduled for a vote.

22 (C) The commission shall establish a quiet period during the  
23 three business days before the commission’s scheduled vote on a  
24 decision.

25 (D) *Notwithstanding subparagraphs (A), (B), and (C), the*  
26 *commission may meet in closed session on any proposed decision*  
27 *in a catastrophic wildfire proceeding and may establish a quiet*  
28 *period during the three business days before the commission’s*  
29 *scheduled vote on the decision, during which time no written or*  
30 *oral ex parte communications may be permitted.*

31 ~~(D)~~

32 (E) (i) Any meeting of the commission during a quiet period  
33 shall require a minimum of three days’ advance public notice.

34 (ii) The requirement specified in subparagraph (F) of paragraph  
35 (1) of subdivision (b) of Section 11123 of the Government Code  
36 shall not apply to a meeting of the commission during a quiet  
37 period that is held by teleconference.

38 (i) Any party has the right to present a final oral argument of  
39 its case before the commission. ~~Those requests~~ *Upon request to*  
40 *present a final oral argument before the commission, the argument*

1 shall be scheduled in a timely manner. A quorum of the  
2 commission shall be present for the final oral arguments.

3 (j) The commission may, in issuing its decision, adopt, modify,  
4 or set aside the proposed decision or any part of the decision based  
5 on evidence in the record. The final decision of the commission  
6 shall be issued not later than 60 days after the issuance of the  
7 proposed decision. Under extraordinary circumstances the  
8 commission may extend this date for a reasonable period. The  
9 60-day period shall be extended for 30 days if any alternate  
10 decision is proposed pursuant to Section 311.

11 ~~SEC. 17.~~

12 *SEC. 15.* Section 1701.8 is added to the Public Utilities Code,  
13 to read:

14 1701.8. (a) For purposes of this section, the following  
15 definitions apply:

16 (1) “Covered wildfire” means ~~a wildfire described in Section~~  
17 ~~451.1. any wildfire ignited on or after the effective date of this~~  
18 ~~section, caused by an electrical corporation as determined by the~~  
19 ~~governmental agency responsible for determining causation.~~

20 (2) “Wildfire Fund” means the ~~wildfire fund~~ *Wildfire Fund*  
21 created pursuant to Section 3284.

22 (b) The following procedures and standards apply to a  
23 catastrophic wildfire proceeding:

24 (1) (A) An electrical corporation may file an application  
25 pursuant to Section ~~451.1~~ *451 or 451.1, as applicable*, at any time  
26 after it has ~~paid~~ *paid, or entered into binding commitments to pay*,  
27 all or, if authorized by the commission for good cause, substantially  
28 all ~~third party~~ *third-party* damage claims, including payments made  
29 pursuant to judgments or settlement agreements related to a covered  
30 wildfire. Except as authorized by the commission for good cause,  
31 before filing the application, the electrical corporation shall exhaust  
32 all rights to indemnification or other claims, contractual or  
33 otherwise, against any third parties, including collecting insurance  
34 proceeds, related to the covered wildfire.

35 (B) If an electrical corporation has received payments from the  
36 Wildfire Fund for a ~~third party~~ *third-party* damage claim for the  
37 covered wildfire, the electrical corporation shall file an application  
38 to recover the costs pursuant to subparagraph (A) no later than the  
39 earlier of the following:

1 (i) The date when it has resolved all ~~third-party~~ *third-party*  
 2 damage claims and exhausted all right to indemnification or other  
 3 claims, contractual or otherwise, against any third parties, including  
 4 collecting insurance proceeds, related to the covered wildfire.

5 (ii) The date that is 45 days after the date the administrator  
 6 requests the electrical corporation to make such an application.

7 (2) The president of the commission, upon the initiation of a  
 8 catastrophic wildfire proceeding by the filing of an application  
 9 pursuant to paragraph (1), shall assign a commissioner to act as  
 10 the presiding officer in the proceeding and an administrative law  
 11 judge to assist in conducting the proceeding.

12 (3) Within 15 days of the filing date of the application, the  
 13 commission shall notice a prehearing ~~conference~~; *conference*,  
 14 *which shall be held within 25 days of the filing date.*

15 (4) (A) Within 30 days of the filing date of the application, the  
 16 assigned commissioner shall prepare and issue, by order or ruling,  
 17 a scoping memorandum that states that the scope of the proceeding  
 18 shall be whether the electrical corporation’s costs and expenses  
 19 for the covered wildfire are just and reasonable pursuant to Section  
 20 ~~451.1~~; *451 or 451.1, as applicable.*

21 (B) The scoping memorandum shall establish a schedule for the  
 22 proceeding, including the date of issuance of a proposed decision  
 23 that is no later than 12 months after the filing date of the  
 24 application.

25 (C) The assigned commissioner may extend the time established  
 26 in the scoping memorandum for the date of issuance of a proposed  
 27 decision by up to six months upon a showing of good cause.

28 (5) Notwithstanding other law, the commission may meet in  
 29 closed session at any point during the pendency of the catastrophic  
 30 wildfire proceeding with a three-day notice to the public if the  
 31 commission establishes a quiet period pursuant to paragraph (6)  
 32 of subdivision (g) of Section 1701.3.

33 ~~SEC. 18. Section 1702.5 of the Public Utilities Code is~~  
 34 ~~amended to read:~~

35 ~~1702.5. (a) The commission shall, in an existing or new~~  
 36 ~~proceeding, develop and implement a safety enforcement program~~  
 37 ~~applicable to gas corporations and electrical corporations that~~  
 38 ~~includes procedures for monitoring, data tracking and analysis,~~  
 39 ~~and investigations, as well as issuance of citations by commission~~  
 40 ~~staff, under the direction of the executive director. The enforcement~~

1 ~~program shall be designed to improve gas and electrical system~~  
2 ~~safety through the enforcement of applicable law, or order or rule~~  
3 ~~of the commission related to safety using a variety of enforcement~~  
4 ~~mechanisms, including the issuance of corrective actions, orders,~~  
5 ~~and citations by designated commission staff, and recommendations~~  
6 ~~for action made to the commission by designated commission staff.~~

7 ~~(1) When considering the issuance of citations and assessment~~  
8 ~~of penalties, the commission staff shall take into account voluntary~~  
9 ~~reporting of potential violations, voluntary removal or resolution~~  
10 ~~efforts undertaken, the prior history of violations, the gravity of~~  
11 ~~the violation, and the degree of culpability.~~

12 ~~(2) The procedures shall include, but are not limited to,~~  
13 ~~providing notice of violation within a reasonable period of time~~  
14 ~~after the discovery of the violation.~~

15 ~~(3) The commission shall adopt an administrative limit on the~~  
16 ~~amount of monetary penalty that may be set by commission staff.~~

17 ~~(b) The commission shall develop and implement an appeals~~  
18 ~~process to govern the issuance and appeal of citations or resolution~~  
19 ~~of corrective action orders issued by the commission staff. The~~  
20 ~~appeals process shall provide the respondent a reasonable period~~  
21 ~~of time, upon receiving a citation, to file a notice of appeal, shall~~  
22 ~~afford an opportunity for a hearing, and shall require the hearing~~  
23 ~~officer to expeditiously provide a draft disposition.~~

24 ~~(c) The commission shall, within a reasonable time set by the~~  
25 ~~commission, conclude a safety enforcement action with a finding~~  
26 ~~of violation, a corrective action order, a citation, a determination~~  
27 ~~of no violation, approval of the corrective actions undertaken by~~  
28 ~~the gas corporation or electrical corporation, or other action. The~~  
29 ~~commission may institute a formal proceeding regarding the alleged~~  
30 ~~violation, potentially resulting in additional enforcement action,~~  
31 ~~regardless of any enforcement action taken at the commission staff~~  
32 ~~level.~~

33 ~~(d) This section does not apply to an exempt wholesale~~  
34 ~~generator, a qualifying small power producer, or qualifying~~  
35 ~~cogenerator, as defined in Section 796 of Title 16 of the United~~  
36 ~~States Code and the regulations enacted pursuant thereto. Nothing~~  
37 ~~in this section affects the commission's authority pursuant to~~  
38 ~~Section 761.3.~~

39 ~~SEC. 19. Section 1711 of the Public Utilities Code is amended~~  
40 ~~to read:~~

1 1711. ~~(a) Where feasible and appropriate, except for~~  
 2 ~~adjudication cases, before determining the scope of the proceeding,~~  
 3 ~~the commission shall seek the participation of those who are likely~~  
 4 ~~to be affected, including those who are likely to benefit from, and~~  
 5 ~~those who are potentially subject to, a decision in that proceeding.~~  
 6 ~~The commission shall demonstrate its efforts to comply with this~~  
 7 ~~section in the text of the initial scoping memo of the proceeding.~~

8 ~~(b) (1) The Policy and Planning Division of the commission~~  
 9 ~~shall undertake one or more studies of outreach efforts undertaken~~  
 10 ~~by other state and federal utility regulatory bodies and make~~  
 11 ~~recommendations to the commission to promote effective outreach,~~  
 12 ~~including metrics for use in evaluating success.~~

13 ~~(2) This section shall remain in effect only until January 1, 2020,~~  
 14 ~~and as of that date is repealed.~~

15 ~~SEC. 20. Part 6 (commencing with Section 3279) is added to~~  
 16 ~~Division 1 of the Public Utilities Code, to read:~~

17 ~~SEC. 16. Part 6 (commencing with Section 3280) is added to~~  
 18 ~~Division 1 of the Public Utilities Code, to read:~~

19  
 20 PART 6. WILDFIRE FUND

21  
 22 CHAPTER 1. DEFINITIONS

23  
 24 ~~3279.~~

25 3280. For purposes of this part, the following definitions apply:

26 (a) "Administrator" means the Wildfire Fund Administrator  
 27 appointed pursuant to ~~Section 3280. 8899.72 of the Government~~  
 28 ~~Code.~~

29 (b) "Annual contribution" means either of the following:

30 (1) For an electrical corporation that qualifies as a large electrical  
 31 corporation at the end of the prior calendar year, an amount equal  
 32 to three hundred million dollars (\$300,000,000) multiplied by the  
 33 Wildfire Fund allocation metric.

34 (2) For an electrical corporation that qualifies as a regional  
 35 electrical corporation at the end of the prior calendar year, an  
 36 amount equal to twenty-five dollars (\$25) multiplied by the number  
 37 of customer accounts serviced by the electrical corporation within  
 38 the state at the end of that calendar year.

1 (c) “Council” means the California Catastrophe *Response*  
2 Council created pursuant to Section 8899.70 of the Government  
3 Code.

4 (d) “Covered wildfire” has the same meaning as set forth in  
5 Section ~~451.1~~. 1701.8.

6 (e) “Electrical corporation” has the same meaning as set forth  
7 in Section 218.

8 (f) “Eligible claims” means claims for third-party damages  
9 against an electrical corporation resulting from covered wildfires  
10 exceeding the greater of (1) one billion dollars (\$1,000,000,000)  
11 *in the aggregate* in any calendar year, or (2) the amount of the  
12 insurance coverage required to be in place for the electrical  
13 corporation pursuant to Section 3293, measured by the amount of  
14 that excess.

15 (g) “Fund” means the Wildfire Fund created pursuant to Section  
16 3284.

17 (h) “High fire-threat district” means areas identified as tier 2  
18 (elevated) or tier 3 (extreme) fire risk on the fire-threat map  
19 maintained by the commission.

20 (i) “Initial contribution” means either of the following:

21 (1) For a large electrical corporation, an amount equal to seven  
22 billion five hundred million dollars (\$7,500,000,000) multiplied  
23 by the Wildfire Fund allocation metric.

24 (2) For a regional electrical corporation, an amount equal to six  
25 hundred twenty-five dollars (\$625) multiplied by the number of  
26 customer accounts serviced by the electrical corporation within  
27 the state as of the effective date of this part.

28 (j) “Insolvency proceeding” means a bankruptcy, insolvency,  
29 liquidation, reorganization, or similar proceeding brought pursuant  
30 to Title 11 of the United States Code.

31 (k) “Large electrical corporation” means an electrical  
32 corporation with 250,000 or more customer accounts within the  
33 state.

34 (l) “Participating electrical corporation” means an electrical  
35 corporation that satisfies the conditions to participate in the fund  
36 pursuant to Section 3291 or 3292, as applicable.

37 (m) “Regional electrical corporation” means an electrical  
38 corporation with less than 250,000 customer accounts within the  
39 state.

1 (n) “Wildfire Fund allocation metric” means \_\_\_\_\_; for each  
 2 large electrical corporation the arithmetic average of (1) the land  
 3 area of the electrical corporation’s territory, measured in square  
 4 miles, in the high fire-threat districts as a proportion of all large  
 5 electrical corporations’ territory in the high fire-threat districts  
 6 and (2) the electrical corporation’s line miles of transmission and  
 7 distribution lines in the high fire-threat districts as a proportion  
 8 of all large electrical corporations’ line miles of transmission and  
 9 distribution lines in the high fire-threat districts. The large  
 10 electrical corporations’ averages shall then be adjusted to account  
 11 for risk mitigation efforts. This adjustment shall reduce the  
 12 allocation to electrical corporations that have invested historically  
 13 in mitigation efforts and those allocations shall be reallocated to  
 14 the other electrical corporations based on their proportionate  
 15 share resulting from the initial calculation above. The Wildfire  
 16 Fund allocation metric shall be determined by the Director of  
 17 Finance no later than five days after the effective date of this part.  
 18 It is the expectation of the Legislature that the Wildfire Fund  
 19 allocation metric is 64.2 percent for Pacific Gas and Electric  
 20 Company, 31.5 percent for Southern California Edison Company,  
 21 and 4.3 percent for San Diego Gas and Electric Company. If a  
 22 new electrical corporation that is a large electrical corporation  
 23 is admitted to the Wildfire Fund, the administrator shall promptly  
 24 determine and publish a revised Wildfire Fund allocation metric  
 25 based on the factors set forth in this subdivision.

26 (o) “Wildfire Fund assets” means the sum of all moneys and  
 27 invested assets held in the fund which shall include, without  
 28 limitation, any loans or other investments made by the state to the  
 29 fund, all interest or other income from the investment of money  
 30 held in the fund, any other funds specifically designated for the  
 31 fund by applicable law, the proceeds of any special charge (or  
 32 continuation of existing charge) allocated to and deposited into  
 33 the fund, *reinsurance*, and the proceeds of any bonds issue for the  
 34 benefit of the fund.

35  
 36 CHAPTER 2. THE WILDFIRE FUND  
 37

38 ~~3280. The council shall appoint and oversee the administrator~~  
 39 ~~who shall be responsible for the operation, management, and~~  
 40 ~~administration of all matters related to the fund.~~

1 3281. The administrator shall carry out the duties of this part  
2 and may do all of the ~~following~~: *following, subject to the oversight*  
3 *of the council*:

4 (a) Retain, employ, or contract with officers, experts, employees,  
5 accountants, actuaries, financial professionals, and other executives,  
6 advisers, consultants, attorneys, and professionals as may be  
7 necessary in the administrator's judgment for the efficient operation  
8 and administration of the fund.

9 (b) Enter into contracts and other obligations relating to the  
10 operation, management, and administration of the fund.

11 (c) Invest the moneys in the fund in those securities eligible  
12 under Section 16430 of the Government Code.

13 (d) Review and approve claims and settlements, and provide  
14 funds to the participating electrical corporations for the purposes  
15 of paying eligible claims.

16 (e) Buy insurance or take other actions to maximize the claims  
17 paying resources of the fund.

18 (f) Pay costs, expenses, and other obligations of the fund from  
19 Wildfire Fund assets.

20 (g) Take any actions necessary to collect any amounts owing  
21 to the fund from participating electrical corporations.

22 (h) Undertake such other activities as are related to the operation,  
23 management, and administration of the ~~fund~~: *fund, as approved*  
24 *by the council*.

25 3282. *There shall be a limited civil immunity and no criminal*  
26 *liability in a private capacity, on account of any act performed or*  
27 *omitted or obligation entered into in an official capacity, when*  
28 *done or omitted in good faith and without intent to defraud, on the*  
29 *part of the counsel, the administrator, or on the part of any officer,*  
30 *employee, or agent of the Wildfire Fund. The State of California*  
31 *shall have no liability for payment of claims in excess of funds*  
32 *available pursuant to this part. The State of California, and any*  
33 *of the funds of the State of California, shall have no obligations*  
34 *whatsoever for payment of claims or costs arising from this part,*  
35 *except as specifically provided in this part.*

36 3283. The council ~~may, in its sole discretion,~~ *shall* direct the  
37 administrator to prepare and present for approval a plan of  
38 operations related to the operations, management, and  
39 administration of the ~~fund~~: *fund on an annual basis. At least*  
40 *annually, the council shall direct the administrator to present the*

1 *plan of operations to the appropriate policy committees of the*  
2 *Legislature. The plan shall include, but not be limited to, reporting*  
3 *on the Wildfire Fund assets, projections for the durability of the*  
4 *Wildfire Fund, the success of the Wildfire Fund, whether or not*  
5 *the Wildfire Fund is serving its purpose, and a plan for winding*  
6 *up the Wildfire Fund if projections demonstrate that the Wildfire*  
7 *Fund will be exhausted within the next three years.*

8 3284. (a) There is hereby created the Wildfire Fund, which is  
9 not a fund in the State Treasury.

10 (b) Notwithstanding Section 13340 of the Government Code,  
11 the fund is continuously appropriated without regard to fiscal years  
12 for the purposes of this part.

13 (c) (1) The fund shall be administered by the administrator,  
14 subject to the direction of the council, in accordance with Chapter  
15 3 (commencing with Section 3291) to provide funds to participating  
16 electrical corporations to satisfy eligible claims arising from a  
17 covered wildfire in accordance with this part.

18 (2) At the discretion of the administrator, segregated, dedicated  
19 accounts within the fund may be established.

20 (d) The fund shall be continued in existence unless the  
21 administrator winds down the fund in accordance with Section  
22 3291 or 3292, as applicable.

23 (e) Uninvested moneys in the fund may be deposited from time  
24 to time in financial institutions authorized by law to receive  
25 deposits of public moneys or, with the approval of the Treasurer,  
26 the Surplus Money Investment Fund as provided in Article 4  
27 (commencing with Section 16470) of Chapter 3 of Part 2 of  
28 Division 4 of Title 2 of the Government Code.

29 (f) A national bank shall be custodian of all securities belonging  
30 to the fund, except as otherwise provided in the constituent  
31 instruments that define the rights of the holders of the bonds as set  
32 forth in Division 28 (commencing with Section 80500) of the  
33 Water Code.

34 (g) *With the approval of the council, the administrator shall*  
35 *establish and approve procedures for the review, approval, and*  
36 *timely funding of eligible claims. The procedures may be revised*  
37 *from time to time by the administrator with the approval of the*  
38 *council. The procedures may include processes to facilitate and*  
39 *expedite the review and approval of settled eligible claims,*  
40 *including guidelines for, or preapproval of, settlement levels. The*

1 *procedures shall provide for the reimbursement of eligible claims*  
2 *within 45 days of the date the administrator approves the settlement*  
3 *amount for any eligible claim unless that timing is not practicable.*

4 3285. (a) The fund shall be initially capitalized by a loan from  
5 the state's Surplus Money Investment Fund pursuant to Section  
6 3288.

7 (b) Proceeds of any bonds issued as provided in Division 28  
8 (commencing with Section 80500) of the Water Code shall be used  
9 as provided in Section 80550 of the Water Code. Any proceeds  
10 from the bonds allocated to the fund shall be deposited into a  
11 segregated account within the fund.

12 (c) All of the following shall be deposited into the fund:

13 (1) Initial contributions from electrical corporations.

14 (2) Annual contributions from electrical corporations.

15 (3) Revenue generated from the ratepayers of a *participating*  
16 regional electrical corporation by a charge authorized by the  
17 commission pursuant to subparagraph (B) of paragraph (1) of  
18 subdivision (a) of Section 3289 and remitted to the fund pursuant  
19 to Section 3291 or 3292, as applicable.

20 (4) Revenues generated from the ratepayers of each large  
21 electrical corporation by a charge authorized by the commission  
22 pursuant to subparagraph (A) of paragraph (1) of subdivision (a)  
23 of Section ~~3289~~. *3289 as provided in paragraph (4) of subdivision*  
24 *(b) of Section 80550.*

25 (5) Proceeds of bonds allocated to the fund as provided in  
26 Section 80550 of the Water Code.

27 ~~(6) Any fines or penalties imposed pursuant to Section 2107~~  
28 ~~resulting from or related to a wildfire to the extent such fines or~~  
29 ~~penalties are permitted by law to be deposited into the fund.~~

30 3286. The Director of Finance may, at any time, examine the  
31 books and records of the council and the administrator relating to  
32 the operation, management, and administration of the fund.

33 3287. (a) On January 1, 2021, and annually thereafter, the  
34 council, with the assistance of the administrator, shall prepare and  
35 file with the Legislature and the Department of Finance periodic  
36 reports regarding the formation, administration, and disposition  
37 of the fund, as the council deems appropriate.

38 (b) A report submitted to the Legislature pursuant to this section  
39 shall be submitted in compliance with Section 9795 of the  
40 Government Code.

1 3288. (a) If Section 3291 is operative, the Director of Finance,  
2 in consultation with the *Treasurer and the* administrator, shall  
3 determine the amount and timing of moneys needed to support the  
4 purposes of this part. The Director of Finance shall request such  
5 moneys from the Controller. Upon such request, the Controller  
6 shall transfer up to ten billion five hundred million dollars  
7 (\$10,500,000,000) to the fund from the Surplus Money Investment  
8 Fund and other funds that accrue interest to the General Fund as  
9 a cash loan. The loan principal and interest shall be fully repaid  
10 as provided in subdivision (b) of Section 80550 of the Water Code.

11 (b) In the event Section 3292 is operative, the Director of  
12 Finance, in consultation with the *Treasurer and the* administrator,  
13 shall determine a schedule to provide ten billion five hundred  
14 million dollars (\$10,500,000,000) to the fund and shall provide  
15 that schedule to the Controller within 60 days. The Controller shall  
16 transfer the moneys from the Surplus Money Investment Fund and  
17 other funds that accrue interest to the General Fund pursuant to  
18 the schedule provided by the Director of Finance as a loan to  
19 support the purposes of this part. *The loan from the Surplus Money*  
20 *Investment Fund is intended to provide necessary cash on a*  
21 *short-term basis for claims-paying resources. It is the intent that*  
22 *the loan be repaid as quickly as possible within a fiscal year.* The  
23 loan shall be repaid by the proceeds of the charges authorized  
24 pursuant to subparagraph (A) of paragraph (1) of subdivision (a)  
25 of Section 3289 or the proceeds of any bonds as set forth in  
26 Division 28 (commencing with Section 80500) of the Water Code.

27 (c) In the case of subdivision (a) or (b), interest payments on  
28 outstanding loan amounts shall be calculated at the greater of the  
29 quarter-to-date yield at the one-year constant maturity United  
30 States Treasury rate for the calendar quarter concluded directly  
31 before the calculation or the Surplus Money Investment Fund rate  
32 at the time of the cash transfer. The interest payments shall be paid  
33 on a quarterly basis *from Wildfire Fund assets* following the cash  
34 transfer and shall continue until the loan has been fully repaid. The  
35 interest payments are interest earnings of the Surplus Money  
36 Investment Fund and shall be apportioned pursuant to Sections  
37 16475 and 16480.6 of the Government Code.

38 (d) Whether Section 3291 or 3292 is operative, an initial transfer  
39 to the fund of no less than two billion dollars—~~(\$2,000,000)~~  
40 ~~(\$2,000,000,000)~~ shall be made in the 2019–20 fiscal year.

1 (e) *Prior to a transfer being made from the Surplus Money*  
2 *Investment Fund pursuant to subdivision (a) or (b), the Director*  
3 *of Finance shall determine if the transfer would result in the*  
4 *General Fund's estimated cash and unused borrowable resources*  
5 *declining below three billion dollars (\$3,000,000,000) at any point*  
6 *in time over the succeeding twenty-four month period. If the*  
7 *Director of Finance determines that the transfer would result in*  
8 *estimated cash and unused borrowable resources declining below*  
9 *that level, the transfer of funds from the Surplus Money Investment*  
10 *Fund shall not be made. This subdivision shall not apply to the*  
11 *first two billion dollars (\$2,000,000,000) of transfers made in the*  
12 *2019'20 fiscal year.*

13 3289. (a) (1) Within 14 days of the effective date of this part,  
14 the commission shall initiate a rulemaking proceeding to consider  
15 using its authority pursuant to Section 701 to require each electrical  
16 ~~corporation~~ *corporation, except a regional electrical corporation*  
17 *that chooses not to participate in any fund pursuant to Chapter 3,*  
18 to collect a nonbypassable charge from ratepayers of the electrical  
19 corporation to support the Wildfire Fund established pursuant to  
20 Section 3284, including the payment of any bonds issued pursuant  
21 to Division 28 (commencing with Section 80500) of the Water  
22 Code, as follows:

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

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

28 (2) If the commission determines that the imposition of the  
29 charge described in paragraph (1) is just and reasonable, and that  
30 it is appropriate to exercise its authority pursuant to Section 701  
31 to do so, the commission shall direct each electrical corporation  
32 to *impose and* collect that charge commencing in the month  
33 immediately following the month in which the ~~final-collection~~  
34 ~~imposition~~ of the revenue requirement ~~established by the~~  
35 ~~Department of Water Resources with respect to bonds previously~~  
36 ~~issued~~ pursuant to Division 27 (commencing with Section 80000)  
37 of the Water Code is made. The charge shall be collected in the  
38 same manner as that for the payments made to reimburse the  
39 Department of Water Resources pursuant to Division 27  
40 (commencing with Section 80000) of the Water Code.

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

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

8

9

CHAPTER 3. OPERATION OF THE FUND

10

11 3291. (a) The fund shall be established as a revolving liquidity  
12 fund that will pay eligible claims as provided in subdivision (c)  
13 and obtain reimbursement from electrical corporations as set forth  
14 in subdivision (d).

15 (b) Except as provided in subdivision (e), to participate in the  
16 fund established pursuant to subdivision (a), an electrical  
17 corporation must meet the following conditions by *no later than*  
18 June 30, 2020:

19 ~~(1) The electrical corporation holds a valid safety certification~~  
20 ~~pursuant to Section 8389.~~

21 ~~(2)~~

22 ~~The electrical corporation is not the subject of an insolvency~~  
23 ~~proceeding unless the electrical corporation meets the following~~  
24 ~~conditions:~~

25 ~~(1) The electrical corporation is not, and has not been since the~~  
26 ~~effective date of this part, the subject of an insolvency proceeding~~  
27 ~~or on criminal probation unless the electrical corporation meets~~  
28 ~~the following conditions:~~

29 ~~(A) The electrical corporation’s insolvency proceeding has been~~  
30 ~~resolved pursuant to a plan or similar document not subject to a~~  
31 ~~stay.~~

32 ~~(B) The bankruptcy court or a court of competent jurisdiction,~~  
33 ~~in the insolvency proceeding, has determined that the resolution~~  
34 ~~of the insolvency proceeding provides funding or establishes~~  
35 ~~reserves for, provides for assumption of, or otherwise provides for~~  
36 ~~satisfying any prepetition wildfire claims asserted against the~~  
37 ~~electrical corporation in the insolvency proceeding, including any~~  
38 ~~claims asserted pursuant to proceeding in the amounts agreed upon~~  
39 ~~in any preinsolvency pre-insolvency proceeding settlement~~  
40 ~~agreements, in full in the amounts of the agreements or any~~

1 *post-insolvency settlement agreements, authorized by the court*  
2 *through an estimation process or otherwise allowed—claims*  
3 *approved by the court.*

4 (C) The commission has approved the reorganization plan and  
5 other documents resolving the insolvency proceeding, including  
6 the electrical corporation's resulting governance structure, which  
7 shall include the governance structure of any direct or indirect  
8 owners of the electrical corporation following the resolution of  
9 the insolvency proceedings. *structure, as being acceptable in light*  
10 *of the electrical corporation's safety history, criminal probation,*  
11 *recent financial condition, and other factors deemed relevant by*  
12 *the commission.*

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

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

24 (3)

25 (2) For a regional electrical corporation, it ~~has~~ shall have  
26 requested to participate and have established a charge required  
27 by the commission pursuant to Section 3289. The charge shall be  
28 included on monthly bills for customers. Collections on that charge  
29 shall be remitted, on a monthly basis, to the administrator for  
30 deposit into the fund.

31 (c) A participating electrical corporation may seek payment  
32 from the fund to satisfy settled or finally adjudicated eligible  
33 claims. Only eligible claims shall be made against or paid by the  
34 fund. ~~The~~ *In accordance with the procedures established by the*  
35 *administrator, the administrator shall review and approve any*  
36 *settlement of an eligible claim as being in the reasonable business*  
37 *judgment of the electrical corporation before releasing funds to*  
38 *the electrical corporation for payment. The administrator may*  
39 *establish processes to facilitate the review and approval of settled*  
40 *eligible claims, including guidelines or values of settlements. To*

1 the extent approved by the administrator, the settlement shall not  
2 be subject to further review by the commission.

3 (d) Within six months after the commission adopts a decision  
4 in an application filed pursuant to Section 1701.8, the electrical  
5 corporation shall reimburse the fund for the full amount of  
6 payments received from the fund. The electrical corporation may  
7 recover in rates those costs and expenses allowed by the  
8 commission pursuant to ~~Section 451.1~~, *451 or 451.1, as applicable*.

9 (e) The administrator may authorize an electrical corporation  
10 that is formed after the effective date of this part to participate in  
11 the fund if the administrator determines that the electrical  
12 corporation meets the requirements of this Section 3291, other  
13 than the requirement that the conditions be met by June 30, 2020.  
14 The authorization shall be effective as of a date determined by the  
15 administrator and shall apply to covered wildfires after the date  
16 of authorization.

17 (f) The fund shall terminate when the administrator determines  
18 that the fund is no longer necessary to serve the purposes of this  
19 part. Upon the determination of the administrator that the fund  
20 shall be terminated, the administrator shall pay all remaining  
21 eligible claims and fund expenses, liquidate any remaining assets,  
22 and refund the remaining funds to ratepayers.

23 (g) This section shall become inoperative upon timely payment  
24 of the initial contribution pursuant to Section 3292 by each large  
25 electrical corporation not subject to an insolvency proceeding on  
26 the effective date of this section, and is repealed on January 1 of  
27 the following year. The administrator shall notify the Secretary of  
28 State as to whether those payments were timely made.

29 3292. (a) If, within 15 days of the effective date of this part,  
30 each large electrical corporation not subject to an insolvency  
31 proceeding on the effective date of this part notifies the commission  
32 of its commitment to provide the initial contribution and the annual  
33 contributions, and subsequently provides its initial contribution as  
34 set forth in paragraph (4) of subdivision (b), the fund shall be  
35 established to pay eligible claims as set forth in subdivision (f)  
36 and obtain reimbursement from electrical corporations as set forth  
37 in subdivision (g).

38 (b) Except as provided in subdivision (d), to participate in the  
39 fund established pursuant to subdivision (a), an electrical

1 corporation shall satisfy the following conditions by *no later than*  
2 June 30, 2020:

3 ~~(1) The electrical corporation holds a valid safety certification~~  
4 ~~pursuant to Section 8389.~~

5 ~~(2)~~

6 ~~The electrical corporation is not the subject of an insolvency~~  
7 ~~proceeding, unless the electrical corporation meets the following~~  
8 ~~conditions:~~

9 *(1) The electrical corporation is not, and has not been since the*  
10 *effective date of this part, the subject of an insolvency proceeding*  
11 *or on criminal probation unless the electrical corporation meets*  
12 *the following conditions:*

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

16 (B) The bankruptcy court or a court of competent jurisdiction,  
17 in the insolvency proceeding, has determined that the resolution  
18 of the insolvency proceeding provides funding or establishes  
19 reserves for, provides for assumption of, or otherwise provides for  
20 satisfying any prepetition wildfire claims asserted against the  
21 electrical corporation in the insolvency proceeding, ~~including any~~  
22 ~~claims asserted pursuant to proceeding in the amounts agreed upon~~  
23 ~~in any preinsolvency pre-insolvency proceeding settlement~~  
24 ~~agreements, in full in the amounts of the agreements or any~~  
25 ~~post-insolvency settlement agreements, authorized by the court~~  
26 ~~through an estimation process or otherwise allowed claims~~  
27 ~~approved by the court.~~

28 (C) The commission has approved the reorganization plan and  
29 other documents resolving the insolvency proceeding, including  
30 the electrical corporation's resulting governance structure, ~~which~~  
31 ~~shall include the governance structure of any direct or indirect~~  
32 ~~owners of the electrical corporation following the resolution of~~  
33 ~~the insolvency proceedings. structure as being acceptable in light~~  
34 ~~of the electrical corporation's safety history, criminal probation,~~  
35 ~~recent financial condition, and other factors deemed relevant by~~  
36 ~~the commission.~~

37 (D) The commission has determined that the reorganization  
38 plan and other documents resolving the insolvency proceeding are  
39 *(i) consistent with the state's climate goals as required pursuant*  
40 *to the California Renewables Portfolio Standard Program and*

1 *related procurement requirements* of the state and ~~are~~ (ii) neutral,  
 2 on average, to the ratepayers of the electrical corporation.

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

8 ~~(3)~~

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

14 ~~(4)~~

15 (3) Except as provided in subdivision (e), the electrical  
 16 corporation has provided its initial contribution to the fund within  
 17 60 days of the effective date of this part. Initial contributions shall  
 18 not be recovered from the ratepayers of an electrical corporation.

19 (c) Each participating electrical corporation shall make its annual  
 20 contribution by January 1 of each calendar year, including, without  
 21 limitation, any annual contributions for calendar years in which  
 22 the electrical corporation was not a participating electrical  
 23 corporation. Annual contributions shall not be recovered from the  
 24 ratepayers of an electrical corporation.

25 (d) The administrator may authorize an electrical corporation  
 26 that is formed after the effective date of this part to participate in  
 27 the fund if the administrator determines that the electrical  
 28 corporation meets the requirements of this section. Authorization  
 29 of an electrical corporation that is formed after the effective date  
 30 of this part shall be effective as of a date determined by the  
 31 administrator and shall apply to covered wildfires after the date  
 32 of authorization.

33 (e) An electrical corporation that is the subject of an insolvency  
 34 proceeding on the effective date of this part that wishes to  
 35 participate in the fund shall (1) within 15 days of the effective date  
 36 of this part, provide written notification to the commission of its  
 37 election to participate in the fund, and (2) within 60 days of the  
 38 effective date of this part, obtain approval from the bankruptcy  
 39 court or a court of competent jurisdiction of its ~~irrevocable~~  
 40 determination *to pay*, and approval of its payment ~~of~~ *of*, the initial

1 contribution and, as they become due, annual contributions to the  
2 fund, provided, that the contributions shall not be due to the fund  
3 until the date the electrical corporation exits the insolvency  
4 proceeding. The electrical corporation shall not be entitled to seek  
5 payments from the fund pursuant to subdivision (f) until it has  
6 funded its initial contribution and has met the other conditions  
7 provided in subdivision (b). Participation of an electrical  
8 corporation that is the subject of an insolvency proceeding that  
9 satisfies the requirements of this subdivision shall be effective as  
10 of the effective date of this part and shall apply to covered ~~wildfires~~  
11 ~~after the effective date, wildfires~~, provided that the fund shall not  
12 pay more than 40 percent of the allowed amount of ~~any~~ a claim  
13 arising between the effective date and the date the electrical  
14 corporation exits ~~bankruptcy~~. *bankruptcy, with the balance of those*  
15 *claims being addressed through the insolvency proceeding.*

16 (f) (1) An electrical corporation meeting the applicable  
17 requirements of subdivision (b) may seek payment from the fund  
18 to satisfy settled or finally adjudicated eligible claims. Only eligible  
19 claims shall be made against or paid by the fund. ~~The In~~  
20 ~~accordance with the procedures established by the administrator,~~  
21 *the administrator shall review and approve any settlement of an*  
22 *eligible claim as being in the reasonable business judgment of the*  
23 *electrical corporation before releasing funds to the electrical*  
24 *corporation for payment. The administrator may establish processes*  
25 ~~to facilitate the review and approval of settled eligible claims,~~  
26 ~~including establishing guidelines or values for settlements.~~  
27 *Settlements of subrogation claims that are less than or equal to*  
28 *40 percent of total asserted claim value as determined by the*  
29 *administrator shall be paid unless the administrator finds that the*  
30 *exceptional facts and circumstances surrounding the underlying*  
31 *claim do not justify the electrical corporation's exercise of such*  
32 *business judgment. To the extent approved by the administrator,*  
33 *a settlement shall not be subject to further review by the*  
34 *commission.*

35 (2) The administrator shall ~~not~~ approve a settlement of an  
36 eligible claim that is a subrogation claim if the settlement exceeds  
37 40 percent of the total asserted claim value, as determined by the  
38 administrator, ~~unless and includes a full release of the balance of~~  
39 ~~the asserted claim so long as the administrator finds that the~~  
40 *electrical corporation exercised its reasonable business judgment*

1 *in determining to settle for a higher percentage or on different*  
 2 *terms based on a determination that the specific facts and*  
 3 *circumstances surrounding the underlying claim justify a higher*  
 4 *settlement percentage. percentage or different terms. A subrogation*  
 5 *claim that is finally adjudicated shall be paid in the full judgment*  
 6 *amount.*

7 *(g) All initial and annual contributions shall be excluded from*  
 8 *the measurement of the authorized capital structure.*

9 ~~(g)~~

10 *(h) (1) Except as provided in paragraph (2), within six months*  
 11 *after the commission adopts a decision in an application filed*  
 12 *pursuant to Section 1701.8, the electrical corporation shall*  
 13 *reimburse the fund for the full amount of costs and expenses the*  
 14 *commission determined were disallowed pursuant to Section*  
 15 *1701.8.*

16 *(2) (A) The obligation of an electrical corporation to reimburse*  
 17 *the fund for amounts received from the fund shall be limited to 20*  
 18 ~~*percent of the electrical corporation's transmission and distribution*~~  
 19 ~~*equity rate base for any rolling three-calendar-year period as*~~  
 20 ~~*determined by the administrator. Except shall be the lesser amount*~~  
 21 ~~*of subparagraph (B) or (C).*~~

22 *(B) The costs and expenses disallowed pursuant to Section*  
 23 *1701.8.*

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

26 *(i) Twenty percent of the electrical corporation's total*  
 27 *transmission and distribution equity rate base, including, but not*  
 28 *limited to, its Federal Energy Regulatory Commission (FERC)*  
 29 *assets, as determined by the administrator for the calendar year*  
 30 *in which the disallowance occurred.*

31 *(ii) The sum of (I) the amounts actually reimbursed to the*  
 32 *Wildfire Fund for costs and expenses that were disallowed pursuant*  
 33 *to Section 1701.8 during the measurement period, added to (II)*  
 34 *the amount of any reimbursements to the Wildfire Fund owed by*  
 35 *the electrical corporation for costs and expenses disallowed during*  
 36 *the measurement period that have not yet been paid.*

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

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

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

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

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

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

16 (B) If the electrical corporation fails to maintain a valid safety  
17 certification.

18 (i) (1) *The administrator shall, to the extent practicable, manage*  
19 *the fund to prioritize the use of contributions of the electrical*  
20 *corporations before the use of contributions by ratepayers.*

21 ~~(h)~~

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

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

36 ~~(i)~~

37 (k) ~~This Section~~ *section shall become inoperative if timely*  
38 *payment of the initial contribution is not made pursuant to*  
39 *paragraph (4) of subdivision (b) by each large electrical*  
40 ~~corporations~~ *corporation not subject to an insolvency proceeding*

1 on the effective date of this section, and is repealed on the first  
2 January 1 more than three months after the initial contributions  
3 are ~~due~~: *due but not all paid*. The administrator shall notify the  
4 Secretary of State as to whether those payments were timely made.

5 3293. A participating electrical corporation shall maintain  
6 ~~commercially~~ reasonable insurance ~~coverage as determined~~  
7 ~~annually by the administrator~~: *coverage*. The administrator shall  
8 ~~determine~~ *periodically review and make a recommendation as to*  
9 the appropriate amount of insurance coverage required, taking into  
10 account the availability of insurance, the electrical corporation's  
11 service territory, including the fire risk of the territory, the size of  
12 the territory, and the value of the real estate in the territory, the  
13 safety record of the electrical corporation, the wildfire mitigation  
14 measures implemented by the electrical corporation, the impact  
15 to the ratepayers, and other factors deemed appropriate by the  
16 administrator.

17 3294. Costs and expenses of administration of the fund shall  
18 be paid from Wildfire Fund assets.

19 ~~3295. The fund shall be granted a statutory lien on any revenues~~  
20 ~~of an electrical corporation to secure the amount of any~~  
21 ~~reimbursement obligations to the fund, which statutory lien shall~~  
22 ~~be, in any subsequent insolvency proceeding, senior to the liens~~  
23 ~~on the assets or property of the electrical corporation. The statutory~~  
24 ~~lien shall be automatically perfected without further action of the~~  
25 ~~fund. The foregoing lien shall apply regardless of whether the~~  
26 ~~amounts are commingled with other cash or other property of the~~  
27 ~~electrical corporation.~~

28 3295. (a) *Except as provided in subdivision (b), within six*  
29 *months after the commission adopts a decision in an application*  
30 *filed pursuant to Section 1701.8, a governmental assessment shall*  
31 *be imposed in the full amount of, and the electrical corporation*  
32 *shall reimburse the fund for the full amount of, costs and expenses*  
33 *the commission determined were the amount of the obligation to*  
34 *reimburse the fund pursuant to subdivision (d) of Section 3291 or*  
35 *subdivision (h) of Section 3292 in a proceeding authorized*  
36 *pursuant to Section 1701.8.*

37 (b) *With respect to a governmental assessment pursuant to*  
38 *subdivision (a), the fund is granted a statutory lien on the revenues*  
39 *of an electrical corporation participating in the fund to secure the*  
40 *electrical corporation's reimbursement obligations to the fund,*

1 *which statutory lien shall be subordinated and junior in lien*  
2 *priority and right of payment to any lien, mortgage, or security*  
3 *interest securing any debt, note, indenture, lease, contract, or other*  
4 *obligation of the electrical corporation or a financing entity defined*  
5 *in Section 850 in existence on the effective date of this part or*  
6 *thereafter authorized by the commission, including pursuant to*  
7 *subdivision (g) of Section 80540; provided that no such lien shall*  
8 *be deemed to have been granted with respect to the revenues of*  
9 *an electrical corporation to the extent that the terms of any debt,*  
10 *note, indenture, lease, contract, or other obligation of the electrical*  
11 *corporation existing on the effective date prohibits the granting*  
12 *of the lien, or if a breach or default would occur thereunder as a*  
13 *result of the granting of the lien whether or not the breach or*  
14 *default is subject to the passage of time, notice requirements, or*  
15 *otherwise, it being understood that the lien will be deemed to have*  
16 *been automatically granted at the time that the prohibition no*  
17 *longer applies or no breach or default would occur. Subject to the*  
18 *immediately preceding sentence, the subordinated and junior*  
19 *statutory lien shall be automatically perfected without further*  
20 *action of the fund and shall apply regardless of whether the*  
21 *amounts are commingled with other cash or other property of the*  
22 *electrical corporation. The statutory lien granted pursuant to this*  
23 *section shall not attach to any real property of an electrical*  
24 *corporation.*

25 3296. In addition to any rights and remedies of the  
26 administrator provided by law, the administrator is authorized at  
27 any time and from time to time, without notice to the participating  
28 electrical corporations, to set off and apply any and all funds,  
29 deposits, or contributions from a participating electrical corporation  
30 at any time held by the fund and other obligations owed to the  
31 fund, irrespective of whether or not the administrator made  
32 demand, and whether the obligations may be contingent or  
33 unmatured. The administrator will promptly notify the participating  
34 electrical corporation after any such set-off.

35 3297. *Fund earnings are tax exempt and fund contributions*  
36 *are tax deductible for state tax purposes.*

37 ~~SEC. 21.~~

38 SEC. 17. Section 8386 of the Public Utilities Code is amended  
39 to read:

1 8386. (a) Each electrical corporation shall construct, maintain,  
 2 and operate its electrical lines and equipment in a manner that will  
 3 minimize the risk of catastrophic wildfire posed by those electrical  
 4 lines and equipment.

5 (b) Each electrical corporation shall ~~triennially~~ *annually* prepare  
 6 and submit a ~~comprehensive~~ wildfire mitigation plan to the  
 7 ~~commission division~~ for review and ~~approval, according to a~~  
 8 ~~schedule established by the commission;~~ *approval. In calendar*  
 9 *year 2020, and thereafter, the plan shall cover at least a three-year*  
 10 *period. The division shall establish a schedule for the submission*  
 11 *of subsequent comprehensive wildfire mitigation plans, which may*  
 12 *allow for the staggering of compliance periods for each electrical*  
 13 *corporation. Until its next comprehensive wildfire mitigation plan,*  
 14 *an electrical corporation shall annually submit to the Wildfire*  
 15 *Safety Division for review and approval an update. In its discretion,*  
 16 *the division may allow the annual submissions to be updates to*  
 17 *the last approved comprehensive wildfire mitigation plan. plan;*  
 18 *provided, that each electrical corporation shall submit a*  
 19 *comprehensive wildfire mitigation plan at least once every three*  
 20 *years.*

21 (c) The wildfire mitigation plan shall include all of the  
 22 following:

23 (1) An accounting of the responsibilities of persons responsible  
 24 for executing the plan.

25 (2) The objectives of the plan.

26 (3) A description of the preventive strategies and programs to  
 27 be adopted by the electrical corporation to minimize the risk of its  
 28 electrical lines and equipment causing catastrophic wildfires,  
 29 including consideration of dynamic climate change risks.

30 (4) A description of the metrics the electrical corporation plans  
 31 to use to evaluate the plan’s performance and the assumptions that  
 32 underlie the use of those metrics.

33 (5) A discussion of how the application of previously identified  
 34 metrics to previous plan performances has informed the plan.

35 (6) Protocols for disabling reclosers and deenergizing portions  
 36 of the electrical distribution system that consider the associated  
 37 impacts on public safety, as well as protocols related to mitigating  
 38 the public safety impacts of those protocols, including impacts on  
 39 critical first responders and on health and communication  
 40 infrastructure.

- 1 (7) Appropriate and feasible procedures for notifying a customer  
2 who may be impacted by the deenergizing of electrical lines. The  
3 procedures shall consider ~~th~~ *the* ~~the~~ *to* notify, as a priority,  
4 critical first responders, health care facilities, and operators of  
5 telecommunications infrastructure.
- 6 (8) Plans for vegetation management.
- 7 (9) Plans for inspections of the electrical corporation’s electrical  
8 infrastructure.
- 9 (10) A list that identifies, describes, and prioritizes all wildfire  
10 risks, and drivers for those risks, throughout the electrical  
11 corporation’s service territory, including all relevant wildfire risk  
12 and risk mitigation information that is part of Safety Model  
13 Assessment Proceeding and Risk Assessment Mitigation Phase  
14 filings. The list shall include, but not be limited to, both of the  
15 following:
- 16 (A) Risks and risk drivers associated with design, construction,  
17 operations, and maintenance of the electrical corporation’s  
18 equipment and facilities.
- 19 (B) Particular risks and risk drivers associated with topographic  
20 and climatological risk factors throughout the different parts of  
21 the electrical corporation’s service territory.
- 22 (11) A description of how the plan accounts for the wildfire risk  
23 identified in the electrical corporation’s Risk Assessment  
24 Mitigation Phase filing.
- 25 (12) A description of the actions the electrical corporation will  
26 take to ensure its system will achieve the highest level of safety,  
27 reliability, and resiliency, and to ensure that its system is prepared  
28 for a major event, including hardening and modernizing its  
29 infrastructure with improved engineering, system design, standards,  
30 equipment, and facilities, such as undergrounding, insulation of  
31 distribution wires, and pole replacement.
- 32 (13) A showing that the utility has an adequate sized and trained  
33 workforce to promptly restore service after a major event, taking  
34 into account employees of other utilities pursuant to mutual aid  
35 agreements and employees of entities that have entered into  
36 contracts with the utility.
- 37 (14) Identification of any geographic area in the electrical  
38 corporation’s service territory that is a higher wildfire threat than  
39 is currently identified in a commission fire threat map, and where

1 the commission should consider expanding the high fire threat  
2 district based on new information or changes in the environment.

3 (15) A methodology for identifying and presenting  
4 enterprise-wide safety risk and wildfire-related risk that is  
5 consistent with the methodology used by other electrical  
6 corporations unless the commission determines otherwise.

7 (16) A description of how the plan is consistent with the  
8 electrical corporation’s disaster and emergency preparedness plan  
9 prepared pursuant to Section 768.6, including both of the following:

10 (A) Plans to prepare for, and to restore service after, a wildfire,  
11 including workforce mobilization and repositioning equipment  
12 and employees.

13 (B) Plans for community outreach and public awareness before,  
14 during, and after a wildfire, including language notification in  
15 English, Spanish, and the top three primary languages used in the  
16 state other than English or Spanish, as determined by the  
17 commission based on the United States Census data.

18 (17) A statement of how the electrical corporation will restore  
19 service after a wildfire.

20 (18) Protocols for compliance with requirements adopted by  
21 the commission regarding activities to support customers during  
22 and after a wildfire, outage reporting, support for low-income  
23 customers, billing adjustments, deposit waivers, extended payment  
24 plans, suspension of disconnection and nonpayment fees, repair  
25 processing and timing, access to utility representatives, and  
26 emergency communications.

27 (19) A description of the processes and procedures the electrical  
28 corporation will use to do all of the following:

29 (A) Monitor and audit the implementation of the plan.

30 (B) Identify any deficiencies in the plan or the plan’s  
31 implementation and correct those deficiencies.

32 (C) Monitor and audit the effectiveness of electrical line and  
33 equipment inspections, including inspections performed by  
34 contractors, carried out under the plan and other applicable statutes  
35 and commission rules.

36 (20) Any other information that the Wildfire Safety Division  
37 may require.

38 (d) *The Wildfire Safety Division shall post all wildfire mitigation*  
39 *plans and annual updates on the commission’s internet website*  
40 *for no less than two months before the Wildfire Safety Division’s*

1 *decision regarding approval of the plan. The Wildfire Safety*  
2 *Division shall accept comments on each plan from the public,*  
3 *other local and state agencies, and interested parties, and verify*  
4 *that the plan complies with all applicable rules, regulations, and*  
5 *standards, as appropriate.*

6 ~~SEC. 22.~~

7 SEC. 18. Section ~~8386.1~~8386.3 is added to the Public Utilities  
8 Code, to read:

9 ~~8386.1.~~

10 8386.3. (a) The Wildfire Safety Division shall approve or deny  
11 each wildfire mitigation plan and update submitted by an electrical  
12 corporation within three months of its submission, unless the  
13 division makes a written determination, including reasons  
14 supporting the determination, that the three-month deadline cannot  
15 be met. Each electrical corporation's approved plan shall remain  
16 in effect until the division approves the electrical corporation's  
17 subsequent plan. The division shall consult with the Department  
18 of Forestry and Fire Protection on the review of each wildfire  
19 mitigation plan and update. *In rendering its decision, the division*  
20 *shall consider comments submitted pursuant to subdivision (d) of*  
21 *Section 8386.* Before approval, the division may require  
22 modifications of the plan. After approval by the division, the  
23 commission shall ratify the action of the division.

24 (b) The Wildfire Safety Division's approval of a plan does not  
25 establish a defense to any enforcement action for a violation of a  
26 commission decision, order, or rule.

27 (c) Following approval of a wildfire mitigation plan, the Wildfire  
28 Safety Division shall oversee compliance with the plan consistent  
29 with the following:

30 (1) Three months after the end of an electrical corporation's  
31 initial compliance period as established by the Wildfire Safety  
32 Division pursuant to subdivision (b) of Section 8386, and annually  
33 thereafter, each electrical corporation shall file with the division  
34 a report addressing its compliance with the plan during the prior  
35 calendar year.

36 (2) (A) Before March 1, 2021, and before each March 1  
37 thereafter, the Wildfire Safety Division, in consultation with the  
38 Department of Forestry and Fire Protection, shall make available  
39 a list of qualified independent evaluators with experience in  
40 assessing the safe operation of electrical infrastructure.

1 (B) (i) Each electrical corporation shall engage an independent  
2 evaluator listed pursuant to subparagraph (A) to review and assess  
3 the electrical corporation's compliance with its plan. The engaged  
4 independent evaluator shall consult with, and operate under the  
5 direction of, the ~~Safety and Enforcement~~ *Wildfire Safety* Division  
6 of the commission. The independent evaluator shall issue a report  
7 on July 1 of each year in which a report required by paragraph (1)  
8 is filed. As a part of the independent evaluator's report, the  
9 independent evaluator shall determine whether the electrical  
10 corporation failed to fund any activities included in its plan.

11 (ii) The Wildfire Safety Division shall consider the independent  
12 evaluator's findings, but the independent evaluator's findings are  
13 not binding on the division, except as otherwise specified.

14 (iii) The independent evaluator's findings shall be used by the  
15 Wildfire Safety Division to carry out its obligations under Article  
16 1 (commencing with Section 451) of Chapter 3 of Part 1 of  
17 Division 1.

18 (iv) The independent evaluator's findings shall not apply to  
19 events that occurred before the initial plan is approved for the  
20 electrical corporation.

21 (3) The commission shall authorize the electrical corporation  
22 to recover in rates the costs of the independent evaluator.

23 (4) The Wildfire Safety Division shall complete its compliance  
24 review within 18 months after the submission of the electrical  
25 corporation's compliance report.

26 (d) An electrical corporation shall not divert revenues authorized  
27 to implement the plan to any activities or investments outside of  
28 the plan.

29 ~~(e) (1) Each electrical corporation shall establish a~~  
30 ~~memorandum account to track costs incurred for fire risk mitigation~~  
31 ~~that are not otherwise covered in the electrical corporation's~~  
32 ~~revenue requirements. The commission shall review the costs in~~  
33 ~~the memorandum accounts and disallow recovery of those costs~~  
34 ~~the commission deems unreasonable.~~

35 ~~(2)~~

36 (e) The commission shall not allow a large electrical corporation  
37 to include in its equity rate base its share, as determined pursuant  
38 to the ~~wildfire~~ *Wildfire Fund* allocation metric specified in Section  
39 ~~3279, 3280,~~ of the first five billion dollars (\$5,000,000,000)  
40 expended in aggregate by large electrical corporations ~~over the~~

1 ~~period of 2020 to 2024, inclusive, on fire risk mitigation capital~~  
2 ~~expenditures included in the electrical corporations' approved~~  
3 ~~wildfire mitigation plans. Nothing in this paragraph shall prevent~~  
4 ~~an electrical corporation from recovering~~ *An electrical*  
5 *corporation's share of the fire risk mitigation capital expenditures*  
6 *and the debt financing costs of these fire risk mitigation capital*  
7 *expenditures. expenditures may be financed through a financing*  
8 *order pursuant to Section 851, subject to the requirements of that*  
9 *financing order.*

10 ~~SEC. 23.~~

11 *SEC. 19.* Section 8386.28386.4 is added to the Public Utilities  
12 Code, to read:

13 ~~8386.2.~~

14 8386.4. (a) ~~At the time it approves each~~ *of approval of an*  
15 *electrical corporation's wildfire mitigation plan, the commission*  
16 *shall authorize the utility electrical corporation to establish a*  
17 *memorandum account to track costs incurred to implement the*  
18 *plan.*

19 (b) (1) The commission shall consider whether the cost of  
20 implementing each electrical corporation's plan is just and  
21 reasonable in its general rate case application. *Each electrical*  
22 *corporation shall establish a memorandum account to track costs*  
23 *incurred for fire risk mitigation that are not otherwise covered in*  
24 *the electrical corporation's revenue requirements. The commission*  
25 *shall review the costs in the memorandum accounts and disallow*  
26 *recovery of those costs the commission deems unreasonable.*

27 (2) In lieu of paragraph (1), an electrical corporation may elect  
28 to file an application for recovery of the cost of implementing its  
29 plan as accounted in the memorandum account at the conclusion  
30 of the time period covered by the plan. If the electrical corporation  
31 files an application for cost recovery pursuant to this paragraph,  
32 the commission shall issue a proposed decision within 12 months  
33 of the filing date of the application unless the commission issues  
34 an order extending the deadline upon a finding of good cause. ~~The~~  
35 ~~Wildfire Safety Division shall advise the commission on whether~~  
36 ~~the cost is just and reasonable.~~

37 (3) The chief executive officer of an electrical corporation shall  
38 certify in each general rate case application that the electrical  
39 corporation has not received authorization from the commission

1 to recover the costs in a previous proceeding, including wildfire  
2 cost recovery applications.

3 (4) Nothing in this section shall be interpreted as a restriction  
4 or limitation on Article 1 (commencing with Section 451) of  
5 Chapter 3 of Part 1 of Division 1.

6 ~~SEC. 24.~~

7 *SEC. 20.* Section 8387 of the Public Utilities Code is amended  
8 to read:

9 8387. (a) Each local publicly owned electric utility and  
10 electrical cooperative shall construct, maintain, and operate its  
11 electrical lines and equipment in a manner that will minimize the  
12 risk of wildfire posed by those electrical lines and equipment.

13 (b) (1) The local publicly owned electric utility or electrical  
14 cooperative shall, before January 1, 2020, ~~and annually thereafter,~~  
15 *prepare a wildfire mitigation plan. After January 1, 2020, a local*  
16 *publicly owned electric utility or electrical cooperative shall*  
17 *prepare a wildfire mitigation plan annually and shall submit the*  
18 *plan to the California Wildfire Safety Advisory Board on or before*  
19 *July 1 of that calendar year. Each local publicly owned electric*  
20 *utility and electrical cooperative shall update its plan annually*  
21 *and submit the update to the California Wildfire Safety Advisory*  
22 *Board by July 1 of each year. At least once every three years, the*  
23 *submission shall be a comprehensive revision of the plan.*

24 (2) The wildfire mitigation plan shall consider as necessary, at  
25 minimum, all of the following:

26 (A) An accounting of the responsibilities of persons responsible  
27 for executing the plan.

28 (B) The objectives of the wildfire mitigation plan.

29 (C) A description of the preventive strategies and programs to  
30 be adopted by the local publicly owned electric utility or electrical  
31 cooperative to minimize the risk of its electrical lines and  
32 equipment causing catastrophic wildfires, including consideration  
33 of dynamic climate change risks.

34 (D) A description of the metrics the local publicly owned electric  
35 utility or electrical cooperative plans to use to evaluate the wildfire  
36 mitigation plan’s performance and the assumptions that underlie  
37 the use of those metrics.

38 (E) A discussion of how the application of previously identified  
39 metrics to previous wildfire mitigation plan performances has  
40 informed the wildfire mitigation plan.

1 (F) Protocols for disabling reclosers and deenergizing portions  
2 of the electrical distribution system that consider the associated  
3 impacts on public safety, as well as protocols related to mitigating  
4 the public safety impacts of those protocols, including impacts on  
5 critical first responders and on health and communication  
6 infrastructure.

7 (G) Appropriate and feasible procedures for notifying a customer  
8 who may be impacted by the deenergizing of electrical lines. The  
9 procedures shall consider the need to notify, as a priority, critical  
10 first responders, health care facilities, and operators of  
11 telecommunications infrastructure.

12 (H) Plans for vegetation management.

13 (I) Plans for inspections of the local publicly owned electric  
14 utility's or electrical cooperative's electrical infrastructure.

15 (J) A list that identifies, describes, and prioritizes all wildfire  
16 risks, and drivers for those risks, throughout the local publicly  
17 owned electric utility's or electrical cooperative's service territory.  
18 The list shall include, but not be limited to, both of the following:

19 (i) Risks and risk drivers associated with design, construction,  
20 operation, and maintenance of the local publicly owned electric  
21 utility's or electrical cooperative's equipment and facilities.

22 (ii) Particular risks and risk drivers associated with topographic  
23 and climatological risk factors throughout the different parts of  
24 the local publicly owned electric utility's or electrical cooperative's  
25 service territory.

26 (K) Identification of any geographic area in the local publicly  
27 owned electric utility's or electrical cooperative's service territory  
28 that is a higher wildfire threat than is identified in a commission  
29 fire threat map, and identification of where the commission should  
30 expand a ~~high-fire-threat~~ *fire-threat* district based on new  
31 information or changes to the environment.

32 (L) A methodology for identifying and presenting enterprisewide  
33 safety risk and wildfire-related risk.

34 (M) A statement of how the local publicly owned electric utility  
35 or electrical cooperative will restore service after a wildfire.

36 (N) A description of the processes and procedures the local  
37 publicly owned electric utility or electrical cooperative shall use  
38 to do all of the following:

39 (i) Monitor and audit the implementation of the wildfire  
40 mitigation plan.

- 1 (ii) Identify any deficiencies in the wildfire mitigation plan or
- 2 its implementation, and correct those deficiencies.
- 3 (iii) Monitor and audit the effectiveness of electrical line and
- 4 equipment inspections, including inspections performed by
- 5 contractors, that are carried out under the plan, other applicable
- 6 statutes, or commission rules.
- 7 (3) The local publicly owned electric utility or electrical
- 8 cooperative ~~shall~~ *shall, on or before January 1, 2020, and not less*
- 9 *than annually thereafter*, present ~~each~~ its wildfire mitigation plan
- 10 in an appropriately noticed public meeting. The local publicly
- 11 owned electric utility or electrical cooperative shall accept
- 12 comments on its wildfire mitigation plan from the public, other
- 13 local and state agencies, and interested parties, and shall verify
- 14 that the wildfire mitigation plan complies with all applicable rules,
- 15 regulations, and standards, as appropriate.
- 16 (c) The local publicly owned electric utility or electrical
- 17 cooperative shall contract with a qualified independent evaluator
- 18 with experience in assessing the safe operation of electrical
- 19 infrastructure to review and assess the comprehensiveness of its
- 20 wildfire mitigation plan. The independent evaluator shall issue a
- 21 report that shall be made available on the internet website of the
- 22 local publicly owned electric utility or electrical cooperative, and
- 23 shall present the report at a public meeting of the local publicly
- 24 owned electric utility’s or electrical cooperative’s governing board.
- 25 ~~(d) (1) Each local publicly owned electric utility or electrical~~
- 26 ~~cooperative shall submit to the Wildfire Safety Division the~~
- 27 ~~wildfire mitigation plan prepared pursuant to subdivision (b):~~
- 28 ~~(2) The Wildfire Safety Division, in consultation with the~~
- 29 ~~California Wildfire Safety Advisory Board, shall review the plans~~
- 30 ~~and provide comments and advisory opinions to each local publicly~~
- 31 ~~owned electric utility or electrical cooperative regarding the content~~
- 32 ~~and sufficiency of the plan and recommendations on how to~~
- 33 ~~mitigate wildfire risks.~~
- 34 ~~(3) By December 1, 2020, and annually thereafter, the~~
- 35 ~~commission, after consultation with the Wildfire Safety Division,~~
- 36 ~~shall adopt and approve a process for division staff to review and~~
- 37 ~~provide comments and advisory opinions pursuant to paragraph~~
- 38 ~~(2):~~

1 ~~SEC. 25.~~

2 *SEC. 21.* Section 8389 is added to the Public Utilities Code,  
3 to read:

4 8389. (a) For purposes of this section, the following definitions  
5 apply:

6 (1) “Board” means the California Wildfire Safety Advisory  
7 Board established pursuant to Section 326.1.

8 (2) “Division” means the Wildfire Safety Division established  
9 pursuant to Section 326.

10 ~~(3) “Substantial compliance” means actual compliance in respect~~  
11 ~~to the substance essential to every reasonable objective of a~~  
12 ~~particular law, rule, regulation, metric, or requirement taking into~~  
13 ~~account cure periods to the extent provided.~~

14 (b) By June 30, 2020, and annually thereafter, the board shall  
15 make recommendations to the division on all of the following:

16 (1) Appropriate performance metrics and processes for  
17 determining an electrical corporation’s compliance with its  
18 approved wildfire mitigation plan.

19 (2) Appropriate requirements in addition to the requirements  
20 set forth in Section 8386 for the wildfire mitigation plan.

21 (3) The appropriate scope and process for assessing the safety  
22 culture of an electrical corporation.

23 (c) By October 31, 2020, and annually thereafter, the division  
24 shall issue an analysis and recommendation to the commission on  
25 the recommendations provided by the board pursuant to subdivision  
26 (b).

27 (d) By December 1, 2020, and annually thereafter, the  
28 commission, after consultation with the division, shall adopt and  
29 approve all of the following:

30 (1) Performance metrics for electrical corporations.

31 (2) Additional requirements for wildfire mitigation plans.

32 (3) A wildfire mitigation plan compliance process.

33 (4) A process for the division to conduct annual safety culture  
34 assessments for each electrical corporation.

35 ~~(e) Thirty days after the effective date of this section, and~~  
36 ~~annually thereafter, the commission, after consultation with the~~  
37 ~~division and the board, The executive director of the commission~~  
38 shall issue a safety certification to an electrical corporation if the  
39 electrical corporation shows, to the satisfaction of the commission,  
40 all of the following: *provides documentation of the following:*

- 1 (1) The electrical corporation has an approved wildfire  
2 mitigation plan.
- 3 ~~(2) The division has not found that the electrical corporation is~~  
4 ~~not in substantial compliance with its wildfire mitigation plan.~~
- 5 ~~(3)~~
- 6 (2) The electrical corporation is in ~~substantial compliance with~~  
7 *good standing, which can be satisfied by the electrical corporation*  
8 *having agreed to implement the findings of its most recent safety*  
9 *culture assessment, if applicable.*
- 10 ~~(4) Establishment of~~
- 11 (3) *The electrical corporation has established a safety committee*  
12 *of its board of directors composed of members with relevant safety*  
13 *experience.*
- 14 ~~(5) Establishment of~~
- 15 (4) *The electrical corporation has established an executive*  
16 *incentive compensation plan linked to safety performance metrics.*  
17 *structure approved by the division and structured to promote safety*  
18 *as a priority and to ensure public safety and utility financial*  
19 *stability with performance metrics, including incentive*  
20 *compensation based on meeting performance metrics that are*  
21 *measurable and enforceable, for all executive officers, as defined*  
22 *in Section 451.5. This may include tying 100 percent of incentive*  
23 *compensation to safety performance and denying all incentive*  
24 *compensation in the event the electrical corporation causes a*  
25 *catastrophic wildfire that results in one or more fatalities.*
- 26 ~~(6) Establishment of~~
- 27 (5) *The electrical corporation has established*  
28 *board-of-director-level reporting to the commission on safety*  
29 *issues.*
- 30 (6) (A) *The electrical corporation has established a*  
31 *compensation structure for any new or amended contracts for*  
32 *executive officers, as defined in Section 451.5, that is based on the*  
33 *following principles:*
- 34 (i) (I) *Strict limits on guaranteed cash compensation, with the*  
35 *primary portion of the executive officers' compensation based on*  
36 *achievement of objective performance metrics.*
- 37 (II) *No guaranteed monetary incentives in the compensation*  
38 *structure.*
- 39 (ii) *It satisfies the compensation principles identified in*  
40 *paragraph (4).*

1 (iii) A long-term structure that provides a significant portion  
2 of compensation, which may take the form of grants of the electrical  
3 corporation's stock, based on the electrical corporation's  
4 long-term performance and value. This compensation shall be held  
5 or deferred for a period of at least three years.

6 (iv) Minimization or elimination of indirect or ancillary  
7 compensation that is not aligned with shareholder and taxpayer  
8 interest in the electrical corporation.

9 (B) The division shall approve the compensation structure of  
10 an electrical corporation if it determines the structure meets the  
11 principles set forth in subparagraph (A) and paragraph (4).

12 (C) It is the intent of the Legislature, in enacting this paragraph  
13 and paragraph (4), that any approved bankruptcy reorganization  
14 plan of an electrical corporation should, in regards to  
15 compensation for executive officers of the electrical corporation,  
16 comply with the requirements of those paragraphs.

17 (7) The electrical corporation is implementing its approved  
18 wildfire mitigation plan. The electrical corporation shall file a tier  
19 I advice letter on a quarterly basis that details the implementation  
20 of both its approved wildfire mitigation plan and recommendations  
21 of the most recent safety culture assessment, and a statement of  
22 the recommendations of the board of directors safety committee  
23 meetings that occurred during the quarter. The advice letter shall  
24 also summarize the implementation of the safety committee  
25 recommendations from the electrical corporation's previous advice  
26 letter filing. If the division has reason to doubt the veracity of the  
27 statements contained in the advice letter filing, it shall perform an  
28 audit of the issue of concern.

29 (f) (1) The executive director shall issue an initial safety  
30 certification within 30 days of receipt of a request for that  
31 certification by an electrical corporation if the electrical  
32 corporation provides documentation that it is meeting the  
33 requirements set forth in paragraphs (1), (2), (3) and (5) of  
34 subdivision (e). A safety certification shall be valid for ~~12~~ the 12  
35 consecutive months following the issuance of the certification.  
36 ~~Before~~

37 (2) ~~Before~~ the expiration of a certification, an electrical  
38 corporation shall ~~file with the commission~~ submit to the division  
39 a request for certification for the following ~~calendar year~~. 12  
40 months. The division shall issue a safety certification within 90

1 days of a request if the electrical corporation has provided  
2 documentation that it has satisfied the requirements in subdivision  
3 (e).

4 (3) All documents submitted pursuant to this section shall be  
5 publicly available on the commission’s internet website.

6 ~~(2)~~

7 (4) Notwithstanding paragraph (1), a safety certification shall  
8 remain valid until the ~~commission issues a determination related~~  
9 ~~to an~~ division acts on the electrical corporation’s pending  
10 application request for safety certification.

11 (g) If the division determines an electrical corporation is not in  
12 compliance with its approved wildfire mitigation plan, it may  
13 recommend that the commission pursue an enforcement action  
14 against the electrical corporation for noncompliance with its  
15 approved plan.

16 ~~SEC. 26.~~

17 SEC. 22. Division 28 (commencing with Section 80500) is  
18 added to the Water Code, to read:

19

20 DIVISION 28. WILDFIRE PREVENTION AND RECOVERY  
21 ACT OF 2019

22

23 CHAPTER 1. GENERAL PROVISIONS

24

25 80500. The Legislature finds and declares \_\_\_\_.

26 80502. Nothing in this division shall be construed to reduce  
27 or modify an electrical corporation’s obligation to serve. The  
28 commission shall issue orders it determines are necessary to carry  
29 out this section.

30 80503. (a) The development and operation of a program as  
31 provided in this division is in all respects for the welfare and the  
32 benefit of the people of the state, to protect the public peace, health,  
33 and safety, and constitutes an essential governmental purpose.

34 (b) This division shall be liberally construed in a manner so as  
35 to effectuate its purposes and objectives.

36 80504. (a) The powers and responsibilities of the department  
37 established pursuant to this division are separate from, and not  
38 governed by, the provisions relating to the State Water Resources  
39 Development System.

1 (b) The Department of Water Resources Charge Fund  
2 established in Section 80550 and the moneys in that fund are  
3 separate and distinct from any other fund and moneys administered  
4 by the department.

5 80506. As used in this division, unless the context otherwise  
6 requires, the following terms have the following meanings:

7 (a) “Administrator” has the same meaning as defined in Section  
8 ~~3279~~ 3280 of the Public Utilities Code.

9 (b) “Bonds” means bonds, notes, or other evidences of  
10 indebtedness issued solely for purposes of supporting the Wildfire  
11 Fund and other related expenses incurred by the department  
12 pursuant to this division, or for reimbursing expenditures from the  
13 fund or the Wildfire Fund for those purposes; repaying to the  
14 Surplus Money Investment Fund any loans made to the Wildfire  
15 Fund; establishing or maintaining reserves in connection with the  
16 bonds; costs of issuance of bonds or incidental to their payment  
17 or security; capitalized interest; or renewing or refunding any  
18 bonds.

19 (c) “Commission” means the Public Utilities Commission.

20 (d) “Electrical corporation” means ~~an~~ *a large* electrical  
21 corporation, as defined in Section ~~218~~ 3280 of the Public Utilities  
22 Code, that participates in the Wildfire Fund.

23 (e) “Fund” means the Department of Water Resources Charge  
24 Fund established by Section 80550.

25 (f) “Wildfire Fund” has the same meaning as defined in Section  
26 ~~3279~~ 3280 of the Public Utilities Code.

27 80508. (a) The department may prescribe, adopt, and enforce  
28 emergency regulations relating to the administration and  
29 enforcement of this division. Any emergency regulations  
30 prescribed, adopted, or enforced pursuant to this division shall be  
31 adopted in accordance with Chapter 3.5 (commencing with Section  
32 11340) of Part 1 of Division 3 of Title 2 of the Government Code,  
33 and, for purposes of that chapter, including Section 11349.6 of the  
34 Government Code, the adoption of such regulations is an  
35 emergency and shall be considered by the Office of Administrative  
36 Law as necessary for the immediate preservation of the public  
37 peace, health and safety, and general welfare.

38 (b) The provisions of the Government Code and Public Contract  
39 Code applicable to state contracts, including, but not limited to,  
40 advertising and competitive bidding requirements and prompt

1 payment requirements, apply to contracts entered into under this  
2 division, unless the department determines that application of any  
3 of those provisions to contracts entered into under this division is  
4 detrimental to accomplishing the purposes of this division.

5 80510. All state agencies and other official state organizations,  
6 and all persons connected with those agencies and organizations,  
7 shall, at the request of the department, give the department  
8 assistance or other cooperation in carrying out the purposes of this  
9 division.

10

11 CHAPTER 2. POWERS OF THE DEPARTMENT

12

13 80520. (a) The department may contract with an electrical  
14 corporation or its successor in the performance of related service,  
15 as an agent of the department, to provide billing, collection, and  
16 other related services on terms and conditions that reasonably  
17 compensate the electrical corporation or its successor for its  
18 services, and adequately secure payment to the department.

19 (b) At the request of the department, the commission shall order  
20 an electrical corporation or its successor to perform the duties  
21 pursuant to a contract described in subdivision (a).

22 80522. The commission may issue rules regulating the  
23 enforcement of the agency functions pursuant this division,  
24 including collection and payment to the department.

25 80524. (a) ~~The revenue requirement shall be equal to the~~  
26 ~~revenue requirement under Section 80110 on January 1, 2019; for~~  
27 ~~each year or, with respect to the first year and last year, the pro~~  
28 ~~rata portion of the year; shall be equal to the average annual~~  
29 ~~amount of collections by the department with respect to charges~~  
30 ~~imposed pursuant to the revenue requirements established by the~~  
31 ~~department under Section 80110 of Division 27 for the period from~~  
32 ~~January 1, 2013, through December 31, 2018. The revenue~~  
33 ~~requirement shall remain in effect until January 1, 2036.~~

34 ~~(b) For purposes of this division, the commission's authority,~~  
35 ~~as set forth in Section 451 of the Public Utilities Code, shall apply,~~  
36 ~~except any just and reasonable review under Section 451 of the~~  
37 ~~Public Utilities Code with respect to the revenue requirement set~~  
38 ~~forth in this section shall be conducted and determined by the~~  
39 ~~commission no later than 120 days after the effective date of this~~  
40 ~~division.~~

1 (e)  
2 (b) If, pursuant to ~~subsection (b) above~~, *Section 3289 of the*  
3 *Public Utilities Code*, the commission makes a just and reasonable  
4 determination with respect to the revenue requirement, then the  
5 commission shall enter into an agreement with the department  
6 with respect to charges under ~~Section 451~~ 3289 of the Public  
7 Utilities Code with respect to the revenue requirement, and that  
8 agreement shall have the force and effect of ~~a~~ *an irrevocable*  
9 *financing order* adopted in accordance with Article 5.5  
10 (commencing with Section 840) of Chapter 4 of Part 1 of Division  
11 1 of the Public Utilities Code, as determined by the commission.  
12 *The agreement and financing order shall provide for the*  
13 *administration of the revenue requirement, including provisions*  
14 *to the effect that (1) the department shall notify the commission*  
15 *each year of the annual collections received by the department*  
16 *with respect to the revenue requirement and the amount of any*  
17 *excess or deficiency in collections above or below the revenue*  
18 *requirement and that the commission shall adjust charges in the*  
19 *subsequent year to reflect any such excess or deficiency, and (2)*  
20 *during any revenue requirement period if the department forecasts*  
21 *that the revenue requirement for that period will not be met and*  
22 *that collections will not be sufficient to fund any of the amounts*  
23 *in paragraphs (1) to (5), inclusive, of Section 80544, then the*  
24 *department shall notify the commission in writing and the*  
25 *commission shall act within 30 days to increase charges so that*  
26 *the amounts collected during that period are sufficient to meet*  
27 *those obligations. For avoidance of doubt, no such adjustment to*  
28 *charges by the commission shall affect in any respect the*  
29 *commission's just and reasonable determination with respect to*  
30 *the revenue requirement.*

31 80526. To the extent any moneys are received by an electrical  
32 corporation pursuant to Section 80520 in the process of collection,  
33 and pending their transfer to the department, those moneys shall  
34 be segregated by the electrical corporation on terms and conditions  
35 established by the department and shall be held in trust for the  
36 department's exercise of its obligations regarding those moneys  
37 until paid over to the department pursuant to the contract or order  
38 established pursuant to Section 80520.

1 80528. (a) The department may do any of the following as  
2 may be, in the determination of the department, necessary for the  
3 purposes of this division:

4 (1) Engage the services of private parties to render professional  
5 and technical assistance and advice and other services in carrying  
6 out the purposes of this division.

7 (2) Contract for the services of other public agencies.

8 (3) Engage in such activities or enter into such contracts or  
9 arrangements as may be necessary or desirable to carry out the  
10 department’s duties and responsibilities pursuant to this division.

11 (b) Hire personnel necessary and desirable for the timely and  
12 successful implementation and administration of the department’s  
13 duties and responsibilities pursuant to this division. The State  
14 Personnel Board and the Department of Human Resources shall  
15 assist the department in expediting that hiring.

16

17

CHAPTER 3. BONDS

18

19 80540. (a) The department may incur indebtedness and issue  
20 bonds as evidence thereof solely for the purposes of supporting  
21 the Wildfire Fund and other related expenses incurred by the  
22 department pursuant to this division, provided that bonds may not  
23 be issued in an amount the debt service on which, to the extent  
24 payable from the fund, is estimated by the department to exceed  
25 the amounts estimated to be available in the fund for their payment.

26 (b) The department may authorize the issuance of bonds,  
27 excluding any notes issued in anticipation of the issuance of bonds  
28 and retired from the proceeds of those bonds, in an aggregate  
29 amount up to ten billion five hundred million dollars  
30 (\$10,500,000,000).

31 (c) Refunding bonds for any of the following purposes shall not  
32 be included in the calculation of the aggregate amount described  
33 in subdivision (b):

34 (1) Refunding bonds to obtain a lower interest rate.

35 (2) Refunding bonds bearing a variable interest rate with bonds  
36 bearing interest at a fixed rate.

37 (3) Refunding bonds if any nationally recognized rating agency  
38 reduces or withdraws, or proposes to reduce or withdraw, the rating  
39 assigned to securities that are secured by bond insurance policies,  
40 credit or liquidity facilities issued by the provider of a bond

1 insurance policy, or a credit or liquidity facility securing the bonds  
2 being refunded.

3 (d) Before the issuance of bonds in a public offering, the  
4 department shall establish a mechanism to ensure the bonds are  
5 sold at investment grade ratings and repaid on a timely basis from  
6 pledged revenues. This mechanism may include, but is not limited  
7 to, an agreement between the department and the commission as  
8 described in Section 80524.

9 (e) Notwithstanding any provision of this division to the  
10 contrary, the department shall not issue any bonds pursuant to this  
11 division until the earlier of either of the following:

12 (1) The date on which the department shall have legally defeased  
13 all of its outstanding power supply revenue bonds issued pursuant  
14 to Section 80134 and provided written notice to the commission.

15 (2) The date on which the department shall have paid in full, at  
16 maturity, all of its outstanding power supply revenue bonds issued  
17 pursuant to Section 80134 and provided written notice to the  
18 commission.

19 80542. (a) Bonds may be issued by the department, upon  
20 authorization by written determination of the director of the  
21 department, with the approval of the Director of Finance and the  
22 Treasurer, on terms acceptable to and approved by the  
23 administrator. The Department of Finance shall notify the  
24 Chairperson of the Joint Legislative Budget Committee and the  
25 chairpersons of the fiscal committees of each house of the  
26 Legislature of its written determination. The bonds shall be sold  
27 at the prices and in the manner, and on the terms and conditions,  
28 as shall be specified in that determination, and the determination  
29 may contain or authorize any other provision, condition, or  
30 limitation not inconsistent with this division and those provisions  
31 as may be deemed reasonable and proper for the security of the  
32 bondholders. Bonds may mature at the time or times, and bear  
33 interest at the rate or rates, which may be fixed or variable and be  
34 determined by reference to an index or such other method, that are  
35 specified in the determination. Neither the person executing the  
36 determination to issue bonds nor any person executing bonds shall  
37 be personally liable therefor or be subject to any personal liability  
38 or accountability by reason of the issuance of the bonds.

39 (b) In the discretion of the department, any bonds may be  
40 secured by a trust agreement by and between the department and

1 a corporate trustee, which may be any trust company or bank  
2 having trust powers within or outside the state, or the Treasurer.  
3 Notwithstanding any other law, the Treasurer shall not be deemed  
4 to have a conflict of interest by reason of acting as the trustee. The  
5 department may enter into such contracts or arrangements as it  
6 shall deem to be necessary or appropriate for the issuance and  
7 further security of the bonds.

8 (c) Bonds shall be legal investments for all trust funds, the funds  
9 of all insurance companies, savings and commercial banks, trust  
10 companies, executors, administrators, trustees, and other  
11 fiduciaries, for state school funds, pension funds, and for any funds  
12 that may be invested in county, school, or municipal bonds.

13 (d) Notwithstanding that bonds may be payable from a special  
14 fund, the bonds shall be deemed to be negotiable instruments for  
15 all purposes.

16 (e) Any bonds, and the transfer of and income derived from  
17 those bonds, shall at all times be free from taxation of every kind  
18 by the state and by the political subdivisions of the state.

19 (f) Bonds shall not be deemed to constitute a debt or liability  
20 of the state or of any political subdivision thereof, other than the  
21 department, or a pledge of the faith and credit of the state or of  
22 any such political subdivision, but shall be payable solely from  
23 the funds herein provided for. All bonds shall contain a statement  
24 to the following effect: "Neither the faith and credit nor the taxing  
25 power of the State of California is pledged to the payment of the  
26 principal of or interest on this bond." The issuance of bonds shall  
27 not directly or indirectly or contingently obligate the state or any  
28 political subdivision thereof to levy or to pledge any form of  
29 taxation whatever therefor or to make any appropriation for their  
30 payment.

31 (g) (1) The department may pledge or assign any revenues  
32 under any obligation entered into, and rights to receive the same,  
33 and moneys on deposit in the fund and income or revenue derived  
34 from the investment thereof, as security for the department's  
35 obligations pursuant to this division.

36 (2) It is the intent of the Legislature that any pledge of moneys,  
37 revenues, or property made by the department shall be valid and  
38 binding from the time when the pledge is made; that the moneys,  
39 revenues, or property so pledged and thereafter collected from  
40 retail end use customers, or paid directly or indirectly to or for the

1 account of the department, is hereby made, and shall immediately  
2 be, subject to the lien of that pledge without any physical delivery  
3 thereof or further act; that the lien of any such pledge shall be valid  
4 and binding against all parties having claims of any kind in tort,  
5 contract, or otherwise against the department irrespective of  
6 whether those parties have notice thereof, and that no resolution  
7 or instrument by which the pledge or lien created pursuant to this  
8 subdivision is expressed, confirmed, or approved need be filed or  
9 recorded in order to perfect the pledge or lien. These provisions  
10 shall in all respects govern the creation, perfection, priority, and  
11 enforcement of any lien created by or under this division.

12 80544. (a) If, pursuant to Section 80524, the commission  
13 makes a just and reasonable determination with respect to that  
14 revenue requirement, the department shall, and in any obligation  
15 entered into pursuant to this division may covenant to, at least  
16 annually, and more frequently as required, allocate or cause to be  
17 allocated moneys collected pursuant to this division to provide  
18 any of the following:

19 (1) The amounts necessary to pay the principal of, and premium,  
20 if any, and interest on, all bonds as and when the bonds shall  
21 become due.

22 (2) The amounts necessary to make payments under any  
23 contracts, agreements, or obligations entered into by it pursuant  
24 hereto, in the amounts and at the times they shall become due.

25 (3) Reserves in such amount as may be determined by the  
26 department from time to time to be necessary or desirable.

27 (4) Consistent with Section 3288, repayment of loans made  
28 from the Surplus Money Investment Fund to the Wildfire Fund.

29 (5) The administrative costs of the department incurred in  
30 administering this division.

31 (6) After meeting the purposes in paragraphs (1) to (5), inclusive,  
32 the transfer of any remaining revenue requirement amount to the  
33 Wildfire Fund.

34 (b) The commission shall not revise the revenue requirement  
35 established pursuant to this division at any time prior to January  
36 1, 2036. For avoidance of doubt, the revenue requirement  
37 established pursuant to this division shall not be imposed and  
38 collected until the department has legally defeased *or paid at*  
39 *maturity* the power supply revenue bonds issued pursuant to

1 Section 80134 and provided written notice thereof to the  
2 commission.

3

4 CHAPTER 4. DEPARTMENT OF WATER RESOURCES CHARGE  
5 FUND  
6

7 80550. (a) There is hereby established in the State Treasury  
8 the Department of Water Resources Charge Fund. Notwithstanding  
9 Section 13340 of the Government Code, all moneys in the fund  
10 are continuously appropriated, without regard to fiscal year, to the  
11 department and shall be available for the purposes of this division.

12 (b) All revenues payable to the department under this division,  
13 including proceeds of bonds issued pursuant to Chapter 3  
14 (commencing with Section 80540), shall be deposited in the fund.  
15 Notwithstanding any other law, interest accruing on the moneys  
16 in the fund shall be deposited in the fund and shall be used for  
17 purposes of this division. Payments from the fund may be made  
18 only for the following purposes:

19 (1) Payment of any bonds or other contractual obligations  
20 authorized by this division.

21 (2) The expenses incurred by the department in administering  
22 this division.

23 (3) Consistent with Section 3288, repayment of principal of,  
24 and interest on, loans made from the Surplus Money Investment  
25 Fund to the Wildfire Fund. Repayment of loans made from the  
26 Surplus Money Investment Fund shall be made as soon as  
27 practicable.

28 (4) The transfers to the Wildfire Fund.

29 (c) Obligations authorized by this division shall be payable  
30 solely from the fund. Neither the full faith and credit nor the taxing  
31 power of the state are or may be pledged for any payment under  
32 any obligation authorized by this division.

33 (d) While any obligations of the department incurred under this  
34 division remain outstanding and not fully performed or discharged,  
35 the rights, powers, duties, and existence of the department and the  
36 commission shall not be diminished or impaired in any manner  
37 that will affect adversely the interests and rights of the holders of  
38 or parties to those obligations. The department may include this  
39 pledge and undertaking of the state in the department's obligations.

1 ~~SEC. 27.~~

2 *SEC. 23.* The revenues of the Department of Water Resources  
3 Charge Fund established pursuant to Section 80550 of the Water  
4 Code shall not be used to pay for any undercollected amount due  
5 to any electrical corporation or to any entity to which the amount  
6 has been assigned.

7 ~~SEC. 28.~~ ~~No reimbursement is required by this act pursuant~~  
8 ~~to Section 6 of Article XIII B of the California Constitution because~~  
9 ~~a local agency or school district has the authority to levy service~~  
10 ~~charges, fees, or assessments sufficient to pay for the program or~~  
11 ~~level of service mandated by this act or because costs that may be~~  
12 ~~incurred by a local agency or school district will be incurred~~  
13 ~~because this act creates a new crime or infraction, eliminates a~~  
14 ~~crime or infraction, or changes the penalty for a crime or infraction,~~  
15 ~~within the meaning of Section 17556 of the Government Code, or~~  
16 ~~changes the definition of a crime within the meaning of Section 6~~  
17 ~~of Article XIII B of the California Constitution.~~

18 *SEC. 24.* *No reimbursement is required by this act pursuant*  
19 *to Section 6 of Article XIII B of the California Constitution because*  
20 *the only costs that may be incurred by a local agency or school*  
21 *district will be incurred because this act creates a new crime or*  
22 *infraction, eliminates a crime or infraction, or changes the penalty*  
23 *for a crime or infraction, within the meaning of Section 17556 of*  
24 *the Government Code, or changes the definition of a crime within*  
25 *the meaning of Section 6 of Article XIII B of the California*  
26 *Constitution.*

27 ~~SEC. 29.~~

28 *SEC. 25.* (a) The sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) *nine million*  
29 *dollars (\$9,000,000)* is hereby transferred from the General Fund  
30 to the Department of Water Resources Charge Fund, established  
31 by Section 80550 of the Water Code, for the purposes of Division  
32 28 (commencing with Section 80500) of the Water Code. The  
33 amount transferred pursuant to this subdivision shall be repaid  
34 from the Department of Water Resources Charge Fund to the  
35 General Fund at the earliest possible time.

36 (b) ~~The sum of \_\_\_\_\_ dollars (\$\_\_\_\_\_) is hereby appropriated~~  
37 ~~from the General Fund to the Department of Water Resources for~~  
38 ~~the 2019–20 fiscal year for the administrative costs incurred by~~  
39 ~~the Department of Water Resources pursuant to Division 28~~  
40 ~~(commencing with Section 80500) of the Water Code.~~

1     ~~SEC. 30.—The Legislature finds and declares that Section 6 of~~  
2 ~~this act, which adds Section 326.1 to the Public Utilities Code,~~  
3 ~~imposes a limitation on the public’s right of access to the meetings~~  
4 ~~of public bodies or the writings of public officials and agencies~~  
5 ~~within the meaning of Section 3 of Article I of the California~~  
6 ~~Constitution. Pursuant to that constitutional provision, the~~  
7 ~~Legislature makes the following findings to demonstrate the interest~~  
8 ~~protected by this limitation and the need for protecting that interest:~~

9     ~~The need to encourage candid and timely advice by the California~~  
10 ~~Wildfire Safety Advisory Board to the Wildfire Safety Division~~  
11 ~~of the Public Utilities Commission to protect the public health and~~  
12 ~~safety and the environment outweighs the importance of providing~~  
13 ~~access in the circumstances of those communications as to which~~  
14 ~~that access is limited by the bill, and the bill provides an alternative~~  
15 ~~requirement, as set forth in subdivision (g) of Section 326.1 of the~~  
16 ~~Public Utilities Code, for public access to meetings of the~~  
17 ~~California Wildfire Safety Advisory Board to ensure transparency~~  
18 ~~in the operation of the board.~~

19     ~~SEC. 26. This act shall become operative only if Assembly Bill~~  
20 ~~111 of, or Senate Bill 111 of, the 2019–20 Regular Session becomes~~  
21 ~~effective before January 1, 2020.~~

22     ~~SEC. 31.~~

23     ~~SEC. 27. This act is an urgency statute necessary for the~~  
24 ~~immediate preservation of the public peace, health, or safety within~~  
25 ~~the meaning of Article IV of the California Constitution and shall~~  
26 ~~go into immediate effect. The facts constituting the necessity are:~~

27     ~~In order to address wildfire safety and wildfire liability of~~  
28 ~~electrical utilities and ensure that the claims of wildfire victims~~  
29 ~~may be paid expeditiously, it is necessary for this act to take effect~~  
30 ~~immediately.~~