

1 [Supporting AB 1054 (Holden) Only If Amended to Strike Amendments Undermining San
2 Francisco’s Authority to Acquire Assets of Embattled Public Utilities]

3 **Resolution supporting Assembly Bill (AB) 1054 only if amended to remove language**
4 **unrelated to the goal of stabilizing state utilities that would effectively undermine San**
5 **Francisco’s ongoing efforts to assess and acquire Pacific, Gas & Electric (PG&E)**
6 **assets and to provide safe and reliable utility service to its residents.**

7
8 WHEREAS, Because of destructive and deadly wildfires and gas pipeline explosions,
9 the electric and gas industries are in an unprecedented state of instability, wherein one
10 combined electrical and gas corporation has sought bankruptcy protection, and all major
11 electrical corporations have had their credit ratings lowered to junk bond status or are at risk
12 of imminent downgrades, jeopardizing the ability of these corporations to provide safe and
13 reliable utility service, to reduce the risk of future catastrophes, to provide service at just and
14 reasonable rates, to meet the state’s mandates to reduce carbon emissions, and to address
15 the risks of climate change; and

16 WHEREAS, In principal part, Assembly Bill 1054 (Holden, D-Pasadena) (“AB 1054”)
17 would stabilize California’s energy future while holding accountable the state’s largest utility
18 companies by establishing a \$21 billion fund (the “Wildfire Fund”) to pay eligible claims
19 against those utilities arising from future covered wildfire-related liabilities; and

20 WHEREAS, AB 1054 would also help to avoid potential ratings downgrades that credit
21 agencies are planning for California’s largest utilities in the wake of the high-profile bankruptcy
22 filing of Pacific Gas & Electric (“PG&E”); and

23 WHEREAS, Inasmuch as the utilities crisis warrants an urgent response, the State
24 legislature and Governor’s Office have demonstrated leadership in ushering AB 1054 through
25

1 the State legislature and toward final passage, in advance of any potential ratings
2 downgrading; and

3 WHEREAS, The California Constitution (Article XI, Section 9) allows municipal
4 governments, in pertinent part, to establish, purchase, and operate public works to furnish
5 residents with light, water, power, heat, transportation and means of communication; and

6 WHEREAS, Section 16.101 of the San Francisco Charter states, “It is the declared
7 purpose and intention of the people of the City and County, when public interest and necessity
8 demand, that public utilities shall be gradually acquired and ultimately owned by the City and
9 County. Whenever the Board of Supervisors, as provided in Sections 9.106, 9.107 and 9.108
10 of this Charter, shall determine that the public interest or necessity demands the acquisition,
11 construction or completion of any public utility or utilities by the City and County, or whenever
12 the electors shall petition the Board of Supervisors, as provided in Sections 9.110 and 14.101
13 of this Charter, for the acquisition of any public utility or utilities, the Supervisors must procure
14 a report from the Public Utilities Commission thereon”; and

15 WHEREAS, On February 26, 2019, the San Francisco Board of Supervisors passed a
16 Resolution (File No. 190174) urging the San Francisco Public Utilities Commission to
17 complete a report detailing a plan to build out renewable power facilities on City-owned
18 property, and further resolving to perform an analysis of PG&E’s electrical network and the
19 feasibility of the City’s acquisition of PG&E assets and infrastructure; and

20 WHEREAS, On April 9, 2019, the San Francisco Board of Supervisors passed a
21 Resolution (Board File No. 190367) determining that the public interest and necessity require
22 fundamental changes to the provision of electricity service provided in San Francisco, and
23 further reiterating the City’s resolve to explore options for the potential acquisition of PG&E’s
24 electrical system; and

25

1 WHEREAS, Under current State Public Utilities Code Section 854, any municipal entity
2 may merge, acquire or control any public utility without first securing authorization to do so
3 from the California Public Utilities Commission (“CPUC”), provided the CPUC finds, *inter alia*,
4 that the proposed acquisition would provide short-term and long-term economic benefits to
5 ratepayers, maintain or improve the financial condition of the resulting public utility doing
6 business in the state, and maintain or improve the quality of service to public utility ratepayers;
7 and

8 WHEREAS, Last-minute amendments to AB 1054, introduced on July 5, 2019, on the
9 eve of the bill’s consideration on the floor of the California State Senate, would, in effect,
10 greatly expand the CPUC’s extant narrow discretion to approve or deny a municipal entity’s
11 acquisition of a substantial portion of a public utility and effectively preclude San Francisco’s
12 ongoing efforts to municipalize the provision of electric and gas service; and

13 WHEREAS, These last minute amendments to thwart San Francisco’s jurisdiction to
14 acquire PG&E’s assets have nothing to do with the principal thrust of AB 1054, which is to
15 establish a fund to re-stabilize California’s public utilities and avert rate increases that would
16 disproportionately burden California and San Francisco residents with the costs of past and
17 future wildfire catastrophes; now, therefore be it

18 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
19 appreciates the leadership of the State legislature and the Governor to move quickly to
20 address potential adverse impacts to the safe and reliable provision of utilities services to
21 ratepayers across the state, in the face of mounting liability and future risk of wildfire
22 catastrophes; and, be it

23 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
24 Francisco would unequivocally support AB 1054 were it not for the last-minute insertion of
25

1 amendments that unnecessarily and unexpectedly undermine the efforts of San Francisco
2 policymakers to ensure the safe, reliable and sustainable provision of utilities; and, be it

3 FURTHER RESOLVED, That the Board of Supervisors of the City and County of San
4 Francisco urges the State Legislature to remove the aforementioned troubling amendments or
5 otherwise move urgently to redress this wrong; and, be it

6 FURTHER RESOLVED, That the Clerk of the Board of Supervisors transmit a copy of
7 this Resolution to the respective offices of California's State Legislative Delegation and the
8 Office of the Governor of the State of California.

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25