



September 7, 2018

The Honorable Edmond G. Brown, Jr.  
Governor of California  
State Capitol  
Sacramento, CA 95814

Dear Governor Brown,

On behalf of millions of Californians over 50, low-income households, and disadvantaged communities already struggling to afford basic necessities, AARP California, TURN, and APEN ask you to veto Senate Bill 901. Billions of dollars in new revenue bonds is absolutely not affordable to ratepayers.

Further, profound flaws in the bill's language, and significant opposition from legislators and a wide range of ratepayer representatives give ample reason to veto SB 901 and to call the Legislature back to a special session. It's crucial that the Legislature craft legislation that creates a more comprehensive and balanced solution to protect ratepayers from paying for utility companies' negligence.

SB 901 adds PUC Code Sec. 451.2(c) requiring ratepayers to cover any costs for the 2017 fires that PG&E claims their stockholders cannot pay—regardless of the cause. This overturns current law. Utility costs caused by negligence and safety failures have been the responsibility of shareholders. SB 901 guts this previously ironclad principle of public utilities law. A special session would allow SB 901 to be amended to affirm that ratepayers remain protected from paying for utility negligence or violations of safety regulations.

SB 901 also increases costs without mandating increased safety outcomes. By requiring "the highest level of safety, reliability, and resiliency," outside the scrutiny and accountability of the normal CPUC regulatory procedures, SB 901 effectively grants utilities a blank check. This move obligates ratepayers to pay for any costs utility companies choose to label as related to wildfire safety—without showing that the measures being paid for by ratepayers would actually result in improved safety outcomes. Further, mandates in the legislation will also increase staffing costs without commensurate benefit, and will limit CPUC prudence review. Attached is a memo that provides additional details of safety plan concerns. A special session would allow SB 901 to be amended to require that utility wildfire safety plans be incorporated into the CPUC RAMP/GRC process from start to finish, thereby aligning safety outcomes with safety costs.

It's important to consider that the 72 pages of SB 901 were adopted by the Conference Committee on Wildfire Preparedness and Response on the evening of August 24, a mere 28 minutes after the final bill language was distributed in the committee hearing room. Members did not have the chance to carefully review the provisions, many of which were new, nor did members have the opportunity to consider amendments offered by TURN, AARP California, and APEN that would have resolved key flaws in the bill. It is notable that 31 members of the Assembly voted no or recorded a no vote for a bill supported by Assembly Democratic and Republican leadership. It is also significant that a number of members who spoke in favor of SB 901 during floor debate acknowledged that the bill had serious problems, but that it was the best they could do because the clock had run out. Surely that is not how Californians expect their representatives to make law.

A special session, even for one or two weeks, would allow members to consider and adopt amendments to SB 901 that would protect ratepayers while providing mechanisms for utility debt to be spread out over time when necessary to preserve the companies' long-term financial stability.

Wildfire damage costs from the Tubbs Fire alone amount may be double the costs of the other 16 northern California wildfires in 2017 combined. We believe that it is not possible to develop prudent policy premised on PG&E's financial condition in the absence of knowing whether billions of dollars of liability are going to rest with PG&E or with a third party that has nothing to do with the utility. We recommend that you consider timing your announcement of a special session with the CalFIRE announcement of its investigation into the Tubbs Fire. Then the Legislature can take into account the results of the investigation when reconsidering a legislative response that protects the interests of all California residents who pay monthly utility bills.

We, the undersigned representatives of residential customers—AARP California, TURN and APEN, hereby formally request that you veto SB 901 and consider calling a special session of the Legislature to comprehensively address wildfire liability policy.

Sincerely,



Nancy McPherson  
State Director  
AARP California



Mark W. Toney, Ph.D.  
Executive Director  
The Utility Reform Network



Miya Yoshitani  
Executive Director  
Asian Pacific Environmental Network