



SB 901 – Conference Committee Report
Bill Summary
August 29, 2019

1100 K Street
Suite 101
Sacramento
California
95814

Telephone
916.327.7500

Facsimile
916.441.5507

Legal Protections – SB 901 protects victims, leaving the legal standard of inverse condemnation in place. The bill does not include any changes to trial court proceedings which consider damages for wildfire victims.

Funding – SB 901 includes \$1 billion in funding over five years from the Greenhouse Gas Reduction Fund (GGRF) for forest health, fires prevention and fuel reduction projects.

Mutual Aid & Safety Measures – SB 901 expands the mutual aid system so that it can be used more broadly for the advance placement of firefighters and equipment ahead of fires, enabling better preparation to tackle wildfires. The bill also includes additional requirements for utility wildfire mitigation plans, and their evaluation by and independent evaluator. These measures will enable us to be better prepared to fight wildfires, and help to lessen the severity of future events.

Forest Management & Regulatory Streamlining – The bill includes comprehensive streamlining of landscape and forestry management practices that will enhance fire prevention activities. Most notably, SB 901 provides a new Timber Harvest Plan exemption for landowners with no more than 100 acres; allows for the construction of up to 600 feet of temporary roads for the purposes of treating and thinning overstocked forests; includes contract extensions for certain biomass facilities; and, includes regulatory streamlining provisions for prescribed burns, thinning, or fuel reduction on federal lands.

2017 Wildfire Costs – SB 901 does not change the current reasonableness standard for the Public Utilities Commission (PUC) when determining utility cost recovery for 2017 wildfire expenses. However when determining cost allocation, the bill requires the PUC to consider the financial status of a utility – a “stress-test” – and determine the maximum amount the corporation can pay without harming ratepayers or impacting its ability to provide service. In addition, the bill requires the PUC to ensure that the debt the utility must pay does not exceed that maximum amount, essentially capping their debt to what they are able to pay. SB 901 allows a utility to securitize that debt (and any debt found to be from reasonable actions) and impose a surcharge on its customers that would be used to then sell long-term bonds to cover those costs. This mechanism will help to lessen the overall impact on ratepayers and keep our utilities financially stable.

Future Cost Recovery– For future fires occurring on or after January 2019, utility companies would have their share of fault determined by the PUC using a number of additional factors for consideration, including climate conditions. The PUC "may" allow utilities to recover costs from ratepayers if their actions are considered to be reasonable, but they are not required to do so.

Executive Compensation – SB 901 restricts utility officer salaries, bonuses, benefits or other compensation from being rate-payer funded, and requires compensation to be funded solely by shareholders of a utility.

Commission on Wildfire Cost Recovery – The bill establishes within the Governor’s Office of Planning and Research the Commission on Catastrophic Wildfire Cost Recovery -- appointed by the governor and legislative leaders. The Commission will consider how to socialize costs from wildfires, among other issues.