

## **SB 901 Wildfire Conference Committee Report**

### **Myths versus Facts**

The opponents of SB 901, mostly oil company and agriculture groups, make several false claims about SB 901. Those claims, and a response to each, are below:

1. OPPONENTS' STATEMENT: "SB 901 is a utility bailout."

FACT: The opponents' statement is demonstrably false.

- a. Under current law, the California Public Utilities Commission (CPUC) has broad authority over utility rates. Under SB 901, it continues to have that same authority. If fire costs occur and the commission deems them to be prudently incurred, ratepayers pay. If the commission determines the utility did not prudently incur those costs, utility shareholders pay. There is no "bailout" under SB 901.
- b. The commission is allowed to charge ratepayers for catastrophic wildfire SB 901 only where it finds the utility has managed its system in a "prudent" manner. Under SB 901, that same standard applies.
- c. SB 901 actually does more to protect ratepayers than current law.

--For example, it requires the CPUC to take into account ratepayer costs and other factors when performing its review of utility costs from catastrophic fires.

--It further requires the CPUC to perform a "stress test" on the utility to ensure it pays as much as it possibly can without going bankrupt before charging any ratepayer costs.

--And it allows the CPUC to establish "ratepayer protection bonds" to ensure ratepayers don't suffer rate shock and exorbitant monthly bills.

All of these features are part of SB 901 but not of current law.

2. OPPONENTS' STATEMENT: "SB 901 makes energy customers pay for utility mistakes"

FACT: As stated above, under current law, the CPUC has broad authority to allocate costs of wildfires. It continues to have that same authority. If the CPUC determines a utility did not operate its system prudently, then the utility corporation pays the costs. If the CPUC determines that the utility did operate its system prudently, those costs are passed on in rate. NOTHING IN SB 901 CHANGES THAT.

3. OPPONENTS' STATEMENT: "SB 901 fails to protect ratepayers"

FACT: That statement is demonstrably wrong. SB 901 protects ratepayers more so than current law.

- a. SB 901, for the first time in law, requires the CPUC to "push the utility to the brink of solvency" before placing any wildfire costs on ratepayers.
- b. SB 901 allows issuance of "ratepayer protection bonds" to protect ratepayers from higher bills and rate shock.
- c. SB 901 requires major new fire prevention measures to be adopted and implemented by utilities to prevent future costs from catastrophic fires.
- d. SB 901 streamlines clearing of forests of dead and dying trees that are the tinder boxes of future wildfires and their costs.
- e. SB 901 calls for review of other ways to protect ratepayers from wildfire costs, including setting up a third party insurance fund and looking at ways to spread costs more broadly so that ratepayers don't bear the brunt.

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