SB-254 Electricity: wildfire mitigation: rate assistance: Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program. (2025-2026)

Date Published: 05/28/2025 09:30 AM

AMENDED IN SENATE MAY 28, 2025

AMENDED IN SENATE APRIL 22, 2025

AMENDED IN SENATE MARCH 20, 2025

CALIFORNIA LEGISLATURE— 2025–2026 REGULAR SESSION

SENATE BILL NO. 254

Introduced by ~~Senator~~ *Senators* Becker *and Wahab*
(Principal coauthors: Senators Archuleta, Blakespear, Cortese, Gonzalez, Grayson, Hurtado, McGuire, McNerney, Pérez, and Weber Pierson)

February 03, 2025

An act to amend Sections 8557, 15472, 15473, 15475, 15475.1, 15475.2, and 15475.6 of, and to repeal Sections 15475.4 and 15475.5 of, the Government Code, to amend Sections 25545, 25545.1, 25545.2, 25545.4, 25545.5, 25545.8, 25545.9, and 25545.10 of, to add Sections 25545.14 and ~~25545.15~~ *25545.18* to, to add Article 7 (commencing with Section 21159.30) to Chapter 4.5 of Division 13 of, and to add Chapter ~~16~~ *20* (commencing with Section ~~25993)~~ *25998)* to Division 15 of, the Public Resources Code, to amend Sections 326.1, 326.2, 451.1, 850, 913.5, 8385, 8386, 8386.1, 8386.2, 8386.3, 8386.4, 8386.5, 8387, 8388.5, and 8389 of, to add Sections 365.4, ~~739.14, 739.16,~~ *739.18, 739.19,* and 913.2 to, to add Article 5.2 (commencing with Section 835) to Chapter 4 of Part 1 of Division 1 of, to add Division 1.8 (commencing with Section 3600) to, to add and repeal Section 937.5 of, to repeal Section 326 of, and to repeal and add Section 748.5 of, the Public Utilities Code, and to amend Section 351 of the Water Code, relating to electricity, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 254, as amended, Becker. Electricity: wildfire mitigation: rate assistance: Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program.

(1) Existing law establishes the Wildfire Safety Division and requires the division to perform certain regulatory functions related to the wildfire mitigation plans of electrical corporations. Existing law transferred all functions of the Wildfire Safety Division to the Office of Energy Infrastructure Safety effective July 1, 2021.

This bill would repeal the Wildfire Safety Division.

Existing law requires electrical corporations to construct, maintain, and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment.

This bill would require those actions to take into account the time required to implement proposed mitigations and the amount of risk reduced for the cost and risk remaining.

Existing law requires each electrical corporation to annually prepare and submit a wildfire mitigation plan that covers at least a 3-year period and authorizes the office to allow for annual submissions to be updates to the last approved comprehensive wildfire mitigation plan, but requires the electrical corporation to submit a comprehensive wildfire mitigation plan at least once every 3 years for review. Existing law requires wildfire mitigation plans to include, among other things, a list that identifies, describes, and prioritizes all wildfire risks, and drivers for those risks, throughout the electrical corporation's service territory, and a description of the actions the electrical corporation will take to ensure its system will achieve the highest level of safety, reliability, and resiliency, as specified.

This bill instead would require each electrical corporation to submit a wildfire mitigation plan to the office for review at least once every 4 years. The bill would require each electrical corporation, beginning January 1, 2026, to submit a preliminary wildfire mitigation plan to the office at the earliest date of one year before the filing of its general rate case application or concurrent with the filing of its Risk Assessment Mitigation Phase application with the Public Utilities Commission (PUC). The bill would revise those wildfire mitigation plan requirements to, among other things, require the list to also include particular risks and risk drivers associated with the speed with which wildfire risk mitigation measures can and will be deployed by the electrical corporation, and require the presentation of certain cost-efficiency measures adopted by the PUC, as specified.

Existing law requires the office to approve or deny each wildfire mitigation plan and update submitted by an electrical corporation within 3 months of its submission. Existing law establishes procedures for the office to oversee compliance with an approved wildfire mitigation plan. Existing law prohibits the PUC from allowing a large electrical corporation to include in its equity rate base its share of the first $5,000,000,000 expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures included in the electrical corporations' wildfire mitigation plans. Existing law requires the PUC to consider whether the cost of implementing an electrical corporation's wildfire mitigation plan is just and reasonable in the electrical corporation's general rate case application.

This bill instead would require the office to approve or deny a wildfire mitigation plan submitted by an electrical corporation within 9 months of its submission. The bill would additionally prohibit the PUC from allowing a large electrical corporation to include in its equity rate base its share of the $5,000,000,000 that the large electrical corporations collectively first expend on fire risk mitigation capital expenditures approved by the PUC on or after January 1, 2025. The bill would, for a general rate case application filed on or after the effective date of the bill, or that is filed before but not approved by the commission before the effective date of the bill, require an electrical corporation to file the wildfire mitigation plan approved by the office or, if the plan has not been approved by the office, the preliminary wildfire plan filed with the office, and any applicable decision from the office, with the general rate case application. The bill would require an electrical corporation, within 45 days of the PUC's decision on whether the cost of implementing the electrical corporation's wildfire mitigation plan is just and reasonable in the electrical corporation's general rate case or any PUC order modifying that decision, to submit to the office a revised wildfire mitigation plan that conforms to the PUC's revenue authorization. The bill would require the office to approve the revised wildfire mitigation plan within 2 months of submission and would require the electrical corporation to file the approved revised wildfire mitigation plan as an information-only submittal with the PUC. The bill would revise and recast provisions related to the oversight by the office in the implementation of, and the enforcement by the PUC of, the finally approved wildfire mitigation plan.

Existing law requires the PUC to establish an expedited utility distribution infrastructure undergrounding program for large electrical corporations. In order to participate in the program, existing law requires a large electrical corporation to submit to the office a distribution infrastructure undergrounding plan, as provided. Upon approval of the plan by the office, existing law requires the large electrical corporation to submit to the PUC an application requesting review and conditional approval of the plan's costs and other specified information.

This bill would revise the provisions related to the expedited utility distribution infrastructure undergrounding program to, among other things, specify that the approval of a distribution infrastructure undergrounding plan is not a project for purposes of the California Environmental Quality Act, as specified.

Existing law requires the California Wildfire Safety Advisory Board to annually make recommendations to the office on various topics, including the appropriate scope and process for assessing the safety culture of an electrical corporation. Existing law requires the office to annually issue an analysis and recommendation to the PUC on the recommendations provided by the board. Existing law requires the PUC to annually adopt and approve, among other things, a process for the office to conduct annual safety culture assessments for each electrical corporation.

This bill would repeal those provisions.

Existing law requires local publicly owned electric utilities and electrical cooperatives to annually prepare and submit to the board, on or before July 1 of each year, wildfire mitigation plans.

This bill instead would require, after January 1, 2026, local publicly owned electric utilities and electrical cooperatives to prepare and submit to the board wildfire mitigation plans at least once every 4 years on a schedule determined by the board.

(2) The California Global Warming Solutions Act of 2006 establishes the State Air Resources Board as the state agency responsible for monitoring and regulating sources emitting greenhouse gases. The act requires the state board to adopt a statewide greenhouse gas emissions limit, as defined, to be achieved by 2020, equivalent to the statewide greenhouse gas emissions level in 1990. The state board is authorized to include market-based compliance mechanisms to comply with the regulations. The implementing regulations adopted by the state board provide for the direct allocation of greenhouse gas allowances to electrical corporations pursuant to a market-based compliance mechanism.

Existing law vests the PUC with regulatory authority over public utilities, including electrical corporations. Existing law requires the PUC to continue a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200% of the federal poverty guidelines, as specified, which is referred to as the California Alternate Rates for Energy (CARE) program. Existing law also requires the PUC to continue a program of assistance to residential customers of the state’s 3 largest electrical corporations consisting of households of 3 or more persons with total household annual gross income levels between 200% and 250% of the federal poverty guideline level, which is referred to as the Family Electric Rate Assistance (FERA) program.

Existing law requires the PUC to require certain revenues received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to be directly credited to the residential, small business, and emissions-intensive trade-exposed retail customers of the electrical corporation, except as specified.

This bill would, on and after January 1, 2026, require the PUC to require a larger credit be allocated to CARE program and FERA program customers, as provided, and would require the credit to be excluded from any calculation of the average effective CARE or FERA program discount. The bill would require the PUC to direct the credit to be divided among, and applied to, customer bills during the months with the highest average electricity demand.

(3) Existing law requires the PUC to establish, on or before September 30, 2024, reasonable average and maximum target energization time periods, as defined, and a procedure for customers to report energization delays to the PUC, as provided.

If an electrical corporation submits an application for recovery of costs and expenses for energization projects and the PUC finds that some or all of the costs and expenses are just and reasonable, this bill would authorize the electrical corporation to request the PUC to issue a financing order to authorize the recovery of those just and reasonable costs and expenses through the issuance of bonds by the electrical corporation that are secured by a rate component, as provided. The bill would prohibit, except as provided, the PUC from allowing a large electrical corporation, as defined, to include in its equity rate base its share of $10,000,000,000 that the large electrical corporations collectively first expend on energization capital expenditures approved by the PUC on or after January 1, 2025. The bill would authorize an electrical corporation’s energization capital expenditures and the debt financing costs of these energization capital expenditures to be financed through a financing order for the recovery of costs and expenses for energization projects.

(4) Existing law authorizes the PUC to fix the rates and charges for every public utility and requires that those rates and charges be just and reasonable.

This bill would require the PUC to require all electrical and gas corporations, as part of every general rate case application, to submit an inflation-constrained rate case scenario in which cumulative increases in annual expenditures proposed to be authorized in that proceeding do not exceed the projected federal social security beneficiary cost-of-living adjustment and to compare the inflation-constrained rate case scenario with the primary rate case proposal submitted by the electrical or gas corporation. The bill would authorize the PUC to authorize expenditures in excess of the inflation-constrained rate case scenario if it determines that the corporation has provided clear and convincing evidence that a higher level of expenditures is necessary to ensure the safe and reliable operation of its electric or gas system, and would require the PUC to apply heightened scrutiny to any other request submitted by each electrical corporation and gas corporation that is likely to increase total systemwide expenditures beyond the projected federal social security beneficiary cost-of-living adjustment.

This bill would require the PUC to adopt formal public findings when it approves an electrical rate increase that include an explanation of why the rate increase was approved and what the rate increase will cost on the average customer bill. The bill would require the PUC to annually include those public findings in each customer's monthly bill.

(5) Existing law requires the PUC, by May 1 of each year, to prepare and submit a written report to the Legislature with certain information, including information regarding electrical corporations' utility costs and rate increases.

This bill would require the report to include additional certain information on the transmission assets, distribution assets, and generation assets of each large electrical corporation, including information on the amount or ratebase for those assets with 10 years of historical values and the total amount for return on equity and debt collected in the revenue requirement for those assets.

This bill would require the commission to post on its internet website the authorized and the actual return on equity amounts and the authorized and the actual mix of debt and equity capital for each large electrical corporation, as defined, with 10 years of historical values.

(6) Existing law requires the PUC, on a triennial basis, to submit a report to the Legislature on the energy efficiency and conservation programs it oversees.

This bill would instead require the PUC to submit a report to the Legislature on the demand-side management programs it oversees or that are paid for by ratepayers of community choice aggregators, electrical corporations, or gas corporations. The bill would revise the information required to be included in the report.

(7) Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to administer the Electric Program Investment Charge Fund for research, development, and demonstration program that will benefit electricity ratepayers.

This bill would require the Energy Commission, in consultation with the PUC, to develop and implement the Policy-Oriented and Wildfire Electric Reimbursement (POWER) Program to reduce the costs to ratepayers by providing reimbursement to electric utilities for expenditures driven by public policy goals that provide a benefit to the general public, as provided. The bill would establish the POWER Fund in the State Treasury and would require that moneys in the fund, upon appropriation by the Legislature, be expended by the Energy Commission for purposes of the program. The bill would require the commission, when developing and implementing the POWER Program, to do specified things, including establish guidance and criteria for allocating reimbursements from the fund that require, among other things, that the proportion of any expenditures by an electrical corporation that are reimbursed pursuant to the POWER Program are excluded from the electrical ~~corporations~~ *corporation's* ratebase and any asset funded by those reimbursed expenditures be funded without return on equity, as provided. The bill would require the Energy Commission to annually report to the Legislature actual utility bill impacts in order to ensure the mechanism is helping to reduce electric utility costs for ratepayers. The bill would limit the amount of moneys appropriated for the program that may be used for administrative and overhead costs each year to the lesser of 3% or $5,000,000.

(8) Existing law vests the Energy Commission with the exclusive jurisdiction to certify the construction of certain eligible facilities, as defined, including a discretionary project, as specified, for which the applicant has certified that a capital investment of at least $250,000,000 will be made over a period of 5 years. Existing law prohibits a person from constructing such a facility unless that person obtains a certificate from the commission, as

provided. Existing law authorizes a person proposing an eligible facility to file an application no later than June 30, 2029, for certification with the commission to certify a site and related facility, as provided.

This bill would lower the above-described amount to $100,000,000. The bill would extend the date that a person proposing an eligible facility is authorized to apply by to June 30, 2034.

Existing law requires an application for a site and related facility to be in a form prescribed by the Energy Commission, contain specified information, and be further supported by other information as the Energy Commission may require. Existing law requires the Energy Commission to review the application and make a determination of completeness within 30 days of the submission of the application, and authorizes the executive director of the Energy Commission to require the applicant to submit additional information, documents, or data determined to be reasonably necessary to prepare the environmental impact report for the application, as provided.

This bill would explicitly authorize the Energy Commission to require certain supporting information. The bill would require the application to include evidence that the applicant has sufficient real property rights to the proposed location to currently access, build, and operate the proposed facility. The bill would require that any further requests by the executive director for additional information in response to additional information provided by the applicant be made within 30 days of receipt of that information.

For sites and related facilities located in the geographic jurisdiction of the California Coastal Commission or the San Francisco Bay Conservation and Development Commission, existing law requires the Energy Commission to consult with the applicable agency to coordinate processing and sequencing of the applications to expedite the permitting process of those agencies, as specified.

This bill would require the Energy Commission, the California Coastal Commission, and the San Francisco Bay Conservation and Development Commission to develop a plan that ensures timely and effective consultation between them, as provided.

Existing law requires each person proposing to construct a thermal powerplant or electric transmission line to submit to the Energy Commission a notice of intention to file an application for the certification of the site and related facility or facilities, requires the approval of the notice by the Energy Commission to be based upon specified findings, and requires an application for certification of the site and related facility to be filed with the Energy Commission. Existing law requires, for the consideration of an application and the issuance of a certification, the Energy Commission to comply with the requirements to prepare a written decision after a public hearing on an application that includes specified things, including findings regarding the conformity of the proposed site and related facilities with standards adopted by the Energy Commission, as provided, and applies these requirements to an application for an eligible facility, as provided. Existing law prohibits the Energy Commission from certifying a facility contained in the application when it finds that the facility does not conform to any applicable state, local, or regional standards, ordinances, or laws, as specified, unless the Energy Commission determines that the facility is required for public convenience and necessity and that there are not more prudent and feasible means of achieving public convenience and necessity.

This bill would remove findings regarding the conformity of the proposed site and related facilities with standards adopted by the Energy Commission from that application requirement for an eligible facility. This bill would apply the above prohibition to an application for an eligible facility, as provided.

Existing law prohibits the Energy Commission from certifying a site and related facility unless the Energy Commission finds that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility.

This bill would establish a rebuttable presumption that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility for a project for an energy storage system if the energy storage system is proposed to be adjacent to an operating utility substation or adjacent to an operating or retiring gas powerplant.

Existing law prohibits the Energy Commission from certifying a site and related facility unless it finds that the applicant has entered into one or more legally binding and enforceable agreements with, or that benefit, a coalition of one or more community-based organizations, including, but not limited to, workforce development and training organizations, labor unions, social justice advocates, local governmental entities, and California Native American tribes.

This bill would add community foundations to the list of community-based organizations described above.

This bill would require the Energy Commission, in coordination with the Office of Land Use and Climate Innovation, to pilot the use of permitting management software to provide greater efficiency in the opt-in certification process, as provided, and would require the Energy Commission to share the findings of the pilot in a final report to the Legislature and other state permitting agencies, as specified. The bill would require the Energy Commission to report specified things about applications and projects to the Legislature quarterly that the commission would be permitted to report by the use of a dashboard on its internet website, including, among other things, the status of projects that have been approved by the commission, as provided.

(9) The California Environmental Quality Act (CEQA) requires a lead agency, as defined, to prepare, or cause to be prepared, and certify the completion of an environmental impact report (EIR) on a project that it proposes to carry out or approve that may have a significant effect on the environment or to adopt a negative declaration if it finds that the project will not have that effect. CEQA also requires a lead agency to prepare a mitigated negative declaration for a project that may have a significant effect on the environment if revisions in the project would avoid or mitigate that effect and there is no substantial evidence that the project, as revised, would have a significant effect on the environment.

CEQA authorizes a lead agency for a later project, if a prior EIR has been prepared and certified for a program, plan, policy, or ordinance, commonly known as a "program EIR," to examine significant effects of the later project upon the environment by using a tiered EIR and provides that the tiered EIR is not required to examine effects that meet certain requirements.

Existing law establishes a process for the certification of facilities related to clean energy infrastructure by the Energy Commission.

This bill would authorize the Energy Commission to prepare a program EIR to analyze the development of a class or classes of facility related to clean energy infrastructure, as provided. The bill would authorize a public agency considering the approval of a specific facility that is within a class or classes of facility described in the program EIR prepared under these provisions to tier from that program EIR, as provided.

(10) Existing law establishes the Independent System Operator (ISO) as a nonprofit public benefit corporation and requires the ISO to ensure efficient use and reliable operation of the electrical transmission grid consistent with achieving planning and operating reserve criteria no less stringent than those established by the Western Electricity Coordinating Council and the North American Electric Reliability Corporation.

Under existing law, it is the policy of the state that eligible renewable energy resources and zero-carbon resources supply 100% of all retail sales of electricity to California end-use customers and 100% of electricity procured to serve all state agencies by December 31, 2045.

This bill would create the Clean Energy Infrastructure Authority as a public instrumentality of the state for the purpose of leading the state's efforts to build critical clean energy infrastructure necessary to enable the state to transition to 100% clean energy, as specified. The bill would require the authority to do any and all things necessary or proper to accomplish that purpose. The bill would authorize the authority, among other things, to identify and establish corridors for the transmission of electricity within the state, to coordinate, investigate, plan, prioritize, and negotiate with entities within and outside the state to establish interstate transmission corridors, to finance, plan, develop, acquire, own, maintain, sell, or operate electrical transmission infrastructure and transmission-related energy storage systems, to exercise the power of eminent domain to acquire property or rights-of-way for public use, to issue bonds as necessary to undertake electrical transmission infrastructure or transmission-related energy storage system projects, and to act as the lead agency for purposes of the California Environmental Quality Act and other environmental reviews, as specified. Before beginning construction of electrical transmission infrastructure that will be located in the service territory of, or connected directly to the electrical transmission infrastructure of, an electrical corporation with 250,000 or more customer accounts within the state and owned by the authority, the bill would require the authority to enter into a lease or other agreement with that electrical corporation to construct, operate, and maintain the electrical transmission infrastructure. The bill would authorize the authority to propose, and plan for, new electrical transmission infrastructure, but would prohibit the authority from developing electrical transmission infrastructure unless the applicable California balancing authority, including the ISO, has approved the project, in which case the approval of the PUC would not be required. The bill would provide that the authority is not subject to the supervision or control of the PUC or any other board, bureau, department, or agency of the state, except as specifically provided. The bill would require the authority to annually report to the Legislature on the authority's activities, including a complete operating and financial statement covering its operations.

The bill would require the California Infrastructure and Economic Development Bank (I-Bank), upon request by the authority, to issue taxable or tax-exempt revenue bonds on behalf of the authority, as specified.

The bill would require the Department of Finance, among other things, to monitor and oversee the authority's operations, to receive and review reports from the authority, and to annually report its findings and recommendations to the Governor, PUC, and Legislature.

The bill would require the California State Auditor, or its designee, to conduct an annual financial and legal compliance audit of the accounts of the authority and file copies with the Governor and the Legislature.

The bill would require that information obtained by the authority that is proprietary technical or business information be confidential and not subject to inspection pursuant to the California Public Records Act.

(11) 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.

(12) Under existing law, a violation of an order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because a violation of a PUC action implementing the requirements of this bill would be a crime, the bill would impose a state-mandated local program.

The bill would include findings that changes proposed by this bill address a matter of statewide concern rather than a municipal affair and, therefore, apply to all cities, including charter cities.

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.

(13) This bill would declare that it is to take effect immediately as an urgency statute.
Vote: 2/3 Appropriation: no Fiscal Committee: yes Local Program: yes

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 8557 of the Government Code is amended to read:

8557. (a) "State agency" means any department, division, independent establishment, or agency of the executive branch of the state government.

(b) "Political subdivision" includes any city, city and county, county, district, or other local governmental agency or public agency authorized by law.

(c) "Governing body" means the legislative body, trustees, or directors of a political subdivision.

(d) "Chief executive" means that individual authorized by law to act for the governing body of a political subdivision.

(e) "Disaster council" and "disaster service worker" have the meaning prescribed in Chapter 1 (commencing with Section 3200) of Part 1 of Division 4 of the Labor Code.

(f) "Public facility" means any facility of the state or a political subdivision, which facility is owned, operated, or maintained, or any combination thereof, through moneys derived by taxation or assessment.

(g) "Sudden and severe energy shortage" means a rapid, unforeseen shortage of energy, resulting from, but not limited to, events such as an embargo, sabotage, or natural disasters, and that has a statewide, regional, or local impact.

(h) For purposes of this chapter, a "deenergization event" means a planned power outage, undertaken by an electrical corporation, as defined in Section 218 of the Public Utilities Code, to reduce the risk of wildfires caused by utility equipment, pursuant to Public Utilities Commission Resolution ESRB-8 and any decisions issued by the commission, the former Wildfire Safety Division, as set forth in former Section 326 of the Public Utilities Code, the Office of Energy Infrastructure Safety, or any other agency with authority over electrical corporations. A deenergization event begins when an electrical corporation provides notice to any state agency or political subdivision of the potential need to initiate a planned deenergization of the electrical grid, and ends when the electrical corporation restores electrical services to all deenergized customers, or when the electrical corporation cancels the deenergization event for some or all of its affected customers, and rescinds the notice of the potential need to initiate the deenergization event. A deenergization event does not include any planned outages in connection with regular utility work.

SEC. 2. Section 15472 of the Government Code is amended to read:

15472. For purposes of this part, the following definitions apply:

(a) "Commission" means the Public Utilities Commission.

(b) "Director" means the Director of the Office of Energy Infrastructure Safety.

(c) "Electrical corporation" has the same meaning as set forth in Section 218 of the Public Utilities Code.

(d) "Office" means Office of Energy Infrastructure Safety.

SEC. 3. Section 15473 of the Government Code is amended to read:

15473. (a) There is in state government, within the Natural Resources Agency, the Office of Energy Infrastructure Safety. The office shall be under the supervision of the Director of the Office of Energy Infrastructure Safety, who shall have all rights and powers of a head of an office as provided by this code.

(b) The director shall be appointed by, and hold office at the pleasure of, the Governor. The appointment of the director is subject to confirmation by the Senate.

(1) The director shall receive an annual salary as set forth in Section 11552.

(2) The Governor may appoint a deputy director of the office. The deputy director shall hold office at the pleasure of the Governor.

(c) In carrying out the provisions of this part, the director may:

(1) Cooperate and contract with public and private agencies for the performance of acts, the rendition of services, and the affording of facilities as may be necessary and proper.

(2) Do other acts and things as may be necessary and incidental to the exercise of powers and the discharge of duties conferred or imposed by the provisions of this part, including, but not limited to, all of the following:

(A) Employ and prescribe duties of staff members as necessary to carry out the duties of the office.

(B) Conduct investigations in any part of the state, compel information, and hold hearings, public meetings, or workshops as necessary to carry out the powers, duties, and responsibilities of the office, consistent with the exercise of its authority pursuant to this part and Chapter 6 (commencing with Section 8385) of Division 4.1 of the Public Utilities Code, or other statutes pertaining to the office.

(C) Adopt, amend, and repeal regulations as necessary to carry out the powers, duties, and responsibilities of the office, consistent with Section 15475. The adoption, amendment, or repeal of regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare.

(D) Require a regulated entity under the office's jurisdiction to file an incident report with the office concerning any matter regulated by the office concerning a regulated entity's infrastructure.

(d) The director and deputy director may administer oaths, certify to all official acts, serve warrants, and issue subpoenas for the attendance of witnesses and the production of papers, including computer modeling, programs, maps, geographic information systems data, and other digital records, waybills, books, accounts, documents, and testimony in any inquiry, investigation, or hearing in any part of the state.

(e) The director has the power of a head of a department pursuant to Article 2 (commencing with Section 11180) of Chapter 2 of Part 1.

SEC. 4. Section 15475 of the Government Code is amended to read:

15475. (a) The office may compel information and conduct investigations. In carrying out its duties, powers, and responsibilities pursuant to this part and Chapter 6 (commencing with Section 8385) of Division 4.1 of the Public Utilities Code, or other statutes pertaining to the office, the following powers, duties, and responsibilities vested in the office are acknowledged and confirmed:

(1) The office shall adopt, amend, or repeal emergency regulations to implement this part in accordance with the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1). The adoption, amendment, or repeal of these regulations shall be deemed to be an emergency for the purpose of Section 11342.545 and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health and safety, or general welfare.

(2) The office may require information and data, including monitoring, verification of every regulated entity under the office's jurisdiction and any business that is a subsidiary or affiliate of a regulated entity with respect to or that may influence any matter concerning wildfire safety, or that is necessary or useful for the office to perform and exercise its duties, powers, and responsibilities.

(3) The office shall provide for the confidentiality of records, the protection of proprietary information, and the protection of the reasonable expectation of customers of public utilities in the privacy of customer-specific records maintained by the regulated entity under the office's jurisdiction. As the successor entity to the former Wildfire Safety Division, the office shall continue to have access to and transfer any confidential information received by the former Wildfire Safety Division under the authority of the Public Utilities Commission to the office consistent with appropriate protections to maintain the confidentiality of that information. The office and the Public Utilities Commission shall agree upon provisions for the transfer of that information.

(4) The office may require the production, within this state, at a time and place as it designates, of any books, accounts, papers, records, including computer modeling, programs, and other digital records, kept by a regulated entity under the office's jurisdiction in any office or place within this state, or, at its option, verified copies in lieu thereof, so that an examination thereof may be made by the office or under its direction to the extent the production of the records relates to an investigation that falls within the duties, powers, and responsibilities of the office.

(5) The office and persons employed by the office, may, at any time, inspect the accounts, books, papers, and documents, including any digital information, of any regulated entity under the office's jurisdiction. The office and any of its designees or employees authorized to administer oaths may examine under oath any officer, agent, or employee of a regulated entity under the office's jurisdiction in relation to its business and affairs concerning matters within the duties, powers, and responsibilities of the office. This subdivision also applies to inspections of the accounts, books, papers, and documents of any business that is a subsidiary or affiliate, or a corporation that holds a controlling interest in a regulated entity under the office's jurisdiction.

(6) Each regulated entity under the office's jurisdiction shall cooperate fully with the office in any investigation conducted consistent with this section, regardless of pending litigation or other investigations, including, but not limited to, those that may be related to investigations conducted by the Public Utilities Commission, or the Department of Forestry and Fire Protection. The office and the Public Utilities Commission will cooperate and coordinate consistent with the memorandum of understanding required by Section 15476.

(7) Every regulated entity under the office's jurisdiction shall furnish to the office, in the form and detail as the office prescribes, all tabulations, computations, and other information required for the office to perform its duties, powers, and responsibilities, and shall make specific answers to all questions submitted by the office. Every regulated entity under the office's jurisdiction receiving from the office any blanks with directions to fill them shall answer fully and correctly each question propounded to it, and if it is unable to answer any question, it shall give a good and sufficient reason for that failure.

(8) Every regulated entity under the office's jurisdiction shall furnish those reports to the office at the time and in the form as the office may require in which the regulated entity shall specifically answer all questions propounded by the office. The office may require any entity under the office's jurisdiction to file reports or periodic special reports, or both, concerning any matter about which the office is authorized by any law to inquire or to keep itself informed, or that it is required to enforce. All reports shall be under oath when required by the office.

(9) The office and persons employed by or acting on behalf of the office may enter and inspect the property, records, and equipment of a regulated entity under the office's jurisdiction at any time and anywhere within the state. Any member of the inspection party may use whatever measurement and evaluation devices,

including, but not limited to, photographic equipment and temperature measurement devices, that are determined to be necessary. Documentation of the inspection shall be the property of the office. This paragraph is not a limitation upon the authority of any agency to inspect pursuant to any other law.

(10) The office and persons employed by or acting on behalf of the office may inspect at any time and anywhere within the state, all regulated entities' properties and equipment for purposes of carrying out the duties, powers, and responsibilities of the former Wildfire Safety Division as set forth in this part or Chapter 6 (commencing with Section 8385) of Division 4.1 of the Public Utilities Code, which are vested in the office as the division's successor, or other statute pertaining to the office.

(b) The office shall do all of the following:

(1) Oversee electrical corporations' performance with wildfire safety pursuant to Chapter 6 (commencing with Section 8385) of Division 4.1 of the Public Utilities Code.

(2) Develop performance metrics to achieve maximum feasible risk reduction to be used to develop the wildfire mitigation plan and evaluate an electrical corporation's performance relative to the implementation of that plan. For this purpose, "maximum feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, legal, social, and technological factors.

(3) Develop a field audit and performance oversight program to assess wildfire mitigation plan implementation by each electrical corporation.

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

(5) Retain appropriate staff that includes experts in wildfire, weather, climate change, emergency response, and other relevant subject matters.

(6) Review, as necessary, in coordination with the California Wildfire Safety Advisory Board and necessary commission staff, safety requirements for electrical transmission and distribution infrastructure and infrastructure and equipment attached to that electrical infrastructure, and provide recommendations to the commission to address the dynamic risk of climate change and to mitigate wildfire risk.

SEC. 5. Section 15475.1 of the Government Code is amended to read:

15475.1. (a) The office's primary objective is to ensure that regulated entities under the office's jurisdiction are reducing wildfire risk and adhering to their approved wildfire mitigation plans.

(b) The office shall assess and evaluate electrical corporations' performance of the mitigation activities and strategies outlined in the wildfire mitigation plans. The office shall assess whether electrical corporations deviate from their plans and evaluate the strength and quality of their performance relative to the plan.

SEC. 6. Section 15475.2 of the Government Code is amended to read:

15475.2. (a) (1) The office may issue a notice of nonperformance to direct an electrical corporation to correct any nonperformance with the approved wildfire mitigation plan.

(2) The notice of nonperformance shall identify deficiencies and may prescribe corrective actions and timelines.

(3) The notice of nonperformance shall be posted on the office's internet website and shall be served electronically on the electrical corporation.

(b) The office shall adopt guidelines pursuant to Section 15475.6 setting forth the policies and procedures for administering the duties of this section.

SEC. 7. Section 15475.4 of the Government Code is repealed.

SEC. 8. Section 15475.5 of the Government Code is repealed.

SEC. 9. Section 15475.6 of the Government Code is amended to read:

15475.6. (a) (1) The office shall adopt guidelines setting forth the requirements, format, timing, and any other matters required to exercise its powers, perform its duties, and meet its responsibilities described in this part and Sections 326.1 and 326.2 of, and Chapter 6 (commencing with Section 8385) of Division 4.1 of, the Public Utilities Code.

(2) Before adopting guidelines, the office shall hold at least one public meeting or workshop and allow all interested stakeholders and members of the public an opportunity to comment. Not less than 10 days' public notice shall be given of any meetings or workshops required by this section.

(b) Substantive changes to the guidelines shall not be adopted without at least 30 days' written notice to the public and opportunity to comment. This notice period may run concurrently with the meeting notice requirements in subdivision (a). If a substantive change is made after the 30-day public comment period and before the adoption of the guidelines, the full text of the resulting guidelines, with the change clearly indicated, shall be made available to the public for comments for at least 10 days before the office adopts the guidelines.

(c) Any guidelines adopted pursuant to this section are exempt from the requirements of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. Any duly adopted rules or guidelines in effect and used by the former Wildfire Safety Division as of July 1, 2021, shall remain valid and in effect as to the office pending the adoption of new or amended guidelines by the office pursuant to this section.

SEC. 10. Article 7 (commencing with Section 21159.30) is added to Chapter 4.5 of Division 13 of the Public Resources Code, to read:

Article 7. Program Environmental Impact Report for Clean Infrastructure Projects

21159.30. The Legislature finds and declares that it is in the interest of the state to ensure that California's environmental review processes are streamlined and optimized to ensure the most efficient process to approve clean infrastructure projects in a manner that does not weaken environmental protections or public participation.

21159.31. For purposes of this article, the following definitions apply:

(a) "Energy Commission" means the State Energy Resources Conservation and Development Commission.

(b) "Facility" has the same meaning as set forth in paragraph (2) of subdivision (b) *of* Section 25545.

21159.32. (a) The Energy Commission shall prepare a program environmental impact report to analyze the development of a class or classes of facility.

(b) The program environmental impact report shall comply with all requirements of this division, and shall contain all of the following:

(1) A description of the class or classes of facility being analyzed.

(2) A description of potential project locations.

(3) An analysis, to the extent feasible, of the potential environmental impacts of developing the class or classes of facility identified in paragraph (1).

(4) A description of potentially feasible mitigation measures to avoid or minimize the impacts identified in paragraph (3).

(5) An identification of trustee and potential responsible agencies with regulatory authority over the class or classes of facility identified in paragraph (1).

(6) An analysis of cumulative impacts and project alternatives.

(c) The Energy Commission shall consult with the public agencies identified in paragraph (5) of subdivision (b) in conducting the analysis of environmental impacts and identification of potentially feasible mitigation measures and alternatives.

(d) The development of a class or classes of facility constitutes a program for the purposes of Section 21094.

21159.33. A public agency considering approval of a specific facility that is within the class or classes of facility described in the program environmental impact report prepared pursuant to Section 21159.32 may tier from that program environmental impact report pursuant to Section 21094 only if the project meets the requirements of Sections 25545.3.3 and 25545.3.5.

SEC. 11. Section 25545 of the Public Resources Code is amended to read:

25545. For purposes of this chapter, the following definitions apply:

(a) "California Native American tribe" has the same meaning as set forth in Section 21073.

(b) "Facility" means any of the following:

(1) A solar photovoltaic or terrestrial wind electrical generating powerplant with a generating capacity of 50 megawatts or more and any facilities appurtenant thereto.

(2) An energy storage system as defined in Section 2835 of the Public Utilities Code that is capable of storing 200 megawatthours or more of energy.

(3) A stationary electrical generating powerplant using any source of thermal energy, with a generating capacity of 50 megawatts or more, excluding any powerplant that burns, uses, or relies on fossil or nuclear fuels.

(4) A discretionary project as described in Section 21080 for which the applicant has certified that a capital investment of at least one hundred million dollars ($100,000,000) will be made over a period of five years and the discretionary project is for (A) the manufacture, production, or assembly of an energy storage system or component manufacturing, wind system or component manufacturing, and solar photovoltaic energy system or component manufacturing, or (B) the manufacture, production, or assembly of specialized products, components, or systems that are integral to renewable energy or energy storage technologies.

(5) An electrical transmission line carrying electricity from a facility described in paragraph (1), (2), or (3) that is located in the state to a point of junction with any interconnected electrical transmission system.

(6) A hydrogen production facility and associated onsite storage and processing facilities that do not derive hydrogen from a fossil fuel feedstock and that receive funding from any of the following:

(A) The Hydrogen Program established pursuant to Section 25664.1.

(B) Section 91530, as added by the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (Section 2 of Chapter 83 of the Statutes of 2024 (Senate Bill No. 867)), if that act is approved by the voters at the November 5, 2024, statewide general election.

(C) The Alliance for Renewable Clean Hydrogen Energy Systems (ARCHES) authorized by Article 15 (commencing with Section 12100.160) of Chapter 1.6 of Part 2 of Division 3 of Title 2 of the Government Code, as awarded by the United States Department of Energy Office of Clean Energy Demonstrations.

(c) "Site" means any location on which an eligible facility is constructed or is proposed to be constructed.

SEC. 12. Section 25545.1 of the Public Resources Code is amended to read:

25545.1. (a) A person proposing an eligible facility may file an application no later than June 30, 2034, for certification with the commission to certify a site and related facility in accordance with this chapter, including a person who has an application for certification or small powerplant exemption filed with the commission pursuant to Chapter 6 (commencing with Section 25500) pending as of June 30, 2022. Upon receipt of the application, the commission shall have the exclusive power to certify the site and related facility, whether the application proposes a new site and related facility or a change or addition to an existing facility. This section does not modify the Public Utilities Commission's jurisdiction, including the issuance of a certificate of public convenience and necessity under Chapter 5 (commencing with Section 1001) of Part 1 of Division 1 of the Public Utilities Code for a facility that is proposed by a utility regulated by the Public Utilities Commission.

(b) (1) Except as provided in paragraph (2), the issuance of a certificate by the commission for a site and related facility pursuant to this chapter shall be in lieu of any permit, certificate, or similar document required by any state, local, or regional agency, or federal agency to the extent permitted by federal law, for the use of the site and related facilities, and shall supersede any applicable statute, ordinance, or regulation of any state, local, or regional agency, or federal agency to the extent permitted by federal law.

(2) Paragraph (1) does not supersede the authority of the State Lands Commission to require leases and receive lease revenues, if applicable, or the authority of the California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, or the applicable regional water quality control boards.

(3) For facilities described in paragraph (4) of subdivision (b) of Section 25545, this subdivision does not supersede the authority of local air quality management districts or the Department of Toxic Substances Control.

(c) The Legislature finds and declares that this section addresses a matter of statewide concern rather than a municipal affair as that term is used in Section 5 of Article XI of the California Constitution. Therefore, this section applies to all cities, including charter cities.

SEC. 13. Section 25545.2 of the Public Resources Code is amended to read:

25545.2. An application for a site and related facility submitted pursuant to this chapter shall be in a form prescribed by the commission and shall contain all of the information required by Section 25520 and be further supported by other information as the commission may require, including, but not limited to, the informational requirements in Section 1877 of Title 20 of the California Code of Regulations, to support the preparation of an environmental impact report or other environmental document and issuance of a certification. The application shall include evidence that the applicant has sufficient real property rights to the proposed location to currently access, build, and operate the proposed facility.

SEC. 14. Section 25545.4 of the Public Resources Code is amended to read:

25545.4. (a) Within 30 days of the submission of the application, the commission shall review the application and make a determination of completeness.

(b) (1) The executive director may require the applicant to submit additional information, documents, or data determined to be reasonably necessary to prepare the environmental impact report for the application and to make a decision on the application. The executive director shall also require the applicant to submit additional information requested by trustee agencies for the purposes of supporting a decision on the application and environmental impact report. The executive director shall transmit the request for additional information within 30 days of the submission of the application. Any further requests by the executive director for additional information in response to additional information provided by the applicant, shall be made within 30 days of receipt of that information.

(2) The commission shall establish clear project developer permit application requirements.

(3) The commission shall have a goal of reducing the time for applications to be deemed complete to no more than 90 days by January 1, 2027.

(c) An application is deemed completed as follows:

(1) Thirty days after the submission of the application, if the executive director does not require the submission of additional information pursuant to subdivision (b).

(2) Immediately upon acceptance of the additional information requested by the executive director pursuant to subdivision (b), if the executive director requires the submission of additional information pursuant to subdivision (b).

(d) The executive director may request additional information from the applicant to address comments by public agencies on the scope and content of the information that is required to be included in an environmental impact report for certification. The applicant shall provide to the commission the requested information within 30 days of receiving the request.

(e) (1) Except as provided in paragraph (2), no later than 270 days after the application is deemed complete, or as soon as practicable thereafter, the commission shall determine whether to certify the environmental impact report or other environmental document and to issue a certificate for the site and related facilities pursuant to this chapter.

(2) Paragraph (1) does not apply, and the time to certify the environmental impact report or issue a certificate for the site and related facilities pursuant to this chapter may be extended if one or more of the following occurs:

(A) The commission is required to recirculate the environmental impact report pursuant to Section 15088.5 of Title 14 of the California Code of Regulations.

(B) Substantial changes are proposed in the project that may involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(C) Substantial changes occur with respect to the circumstances under which the project is undertaken that may involve new significant environmental effects or a substantial increase in the severity of previously identified significant effects.

(D) New information of substantial importance, which was not known and could not have been known with the exercise of reasonable diligence before the commission publishes the notice of availability pursuant to Section 25545.7.6, is submitted that may require additional analysis and consideration.

(E) The commission, in consultation with the Department of Fish and Wildlife or the State Water Resources Control Board, if applicable, determines that additional time is necessary to obtain information and conduct surveys, including due to seasonal constraints.

SEC. 15. Section 25545.5 of the Public Resources Code is amended to read:

25545.5. (a) On or before September 28, 2022, the commission shall, in coordination with the Department of Fish and Wildlife, develop a plan that ensures timely and effective consultation between the commission and the Department of Fish and Wildlife with respect to any proposed commission findings and actions to authorize the taking of endangered, threatened, and candidate species pursuant to the California Endangered Species Act (Chapter 1.5 (commencing with Section 2050) of Division 3 of the Fish and Game Code) or impacts to fish and wildlife resources pursuant to Section 1602 of the Fish and Game Code. The commission shall also consult with the Department of Fish and Wildlife with respect to any proposed commission findings and actions regarding potential impacts to fish, wildlife, and plant resources and the habitats upon which they depend. The plan shall include a process to ensure that all such taking and impacts are consistent with Chapter 6 (commencing with Section 1600) of Division 2 of, and Chapter 1.5 (commencing with Section 2050) of Division 3 of, the Fish and Game Code.

(b) On or before September 28, 2022, the commission shall, in coordination with the State Water Resources Control Board, develop a plan that ensures timely and effective consultation between the commission and the State Water Resources Control Board and the applicable regional water quality control board with respect to any proposed commission findings and actions related to discharges of waste that could affect the quality of waters of the state. The plan shall include provisions to ensure that all discharges are consistent with all applicable provisions of Division 7 (commencing with Section 13000) of the Water Code.

(c) The commission shall, in coordination with the Department of Toxic Substances Control, develop a plan on or before September 28, 2022, that ensures timely and effective consultation between the commission and the Department of Toxic Substances Control with respect to any proposed commission findings and actions related to hazardous waste control laws.

(d) (1) For sites and related facilities located in the geographic jurisdiction of the California Coastal Commission or the San Francisco Bay Conservation and Development Commission, the commission shall consult with the applicable agency to coordinate processing and sequencing of the applications to expedite the permitting process of those agencies. In areas of the coastal zone covered by a certified local coastal program, the California Coastal Commission shall assume coastal development review authority, using the certified local coastal program as guidance. In the Suisun Marsh Secondary Management Area and the portions of the Primary Management Area with a local protection program, the San Francisco Bay Conservation and Development Commission shall assume permitting authority for processing and issuing marsh development permits using the local protection programs as guidance.

(2) The California Coastal Commission, the San Francisco Bay Conservation and Development Commission, the State Water Resources Control Board, the applicable regional water quality control boards, the applicable local air quality management districts, or the Department of Toxic Substances Control, as applicable, shall take final action on the eligible facility within 90 days after the certification by the commission of the environmental impact report for the site and related facilities, if the applicant has filed a complete, final application for a permit or waste discharge requirement, as applicable, with those agencies before the certification of the environmental impact report.

(3) (A) The commission, the California Coastal Commission, and the San Francisco Bay Conservation and Development Commission shall develop a plan that ensures timely and effective consultation between the commissions.

(B) The commission shall update the plans described in subdivisions (a) to (c), inclusive, to enable decisions by those entities that retain decisionmaking authority as soon as possible following a decision by the commission.

(C) In order to enable the accelerated consideration of project applications, the commission shall invite any agency with regulatory authority over the project to participate in any preapplication and scoping meetings with the applicant and other relevant agencies.

SEC. 16. Section 25545.8 of the Public Resources Code is amended to read:

25545.8. (a) For the consideration of an application and the issuance of a certification under this chapter, the commission shall comply with the requirements of subdivisions (a), (e), (g), and (h), inclusive, and paragraph (2) of subdivision (d), of Section 25523.

(b) Subdivisions (f), (g), ~~(j)~~ *(j),* and (k) of Section 25519 and Sections 25527 and 25538 apply to an application submitted pursuant to this chapter.

(c) Section 25525 applies to an application submitted pursuant to this chapter when the finding pursuant to paragraph (2) of subdivision (d) of Section 25523 is made.

SEC. 17. Section 25545.9 of the Public Resources Code is amended to read:

25545.9. (a) The commission shall not certify a site and related facility under this chapter unless the commission finds that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility. For purposes of this section, economic benefits may include, but are not limited to, any of the following:

(1) Employment growth.

(2) Housing development.

(3) Infrastructure and environmental improvements.

(4) Assistance to public schools and education.

(5) Assistance to public safety agencies and departments.

(6) Property taxes and sales and use tax revenues.

(b) There shall be a rebuttable presumption that the construction or operation of the facility will have an overall net positive economic benefit to the local government that would have had permitting authority over the site and related facility for a project for an energy storage system if either of the following are satisfied:

(1) The energy storage system is proposed to be adjacent to an operating utility substation.

(2) The energy storage system is proposed to be adjacent to an operating or retiring natural gas powerplant.

SEC. 18. Section 25545.10 of the Public Resources Code is amended to read:

25545.10. (a) The commission shall not certify a site and related facility under this chapter unless the commission finds that the applicant has entered into one or more legally binding and enforceable agreements with, or that benefit, a coalition of one or more community-based organizations, such as workforce development and training organizations, labor unions, social justice advocates, community foundations, local governmental entities, California Native American tribes, or other organizations that represent community interests, where there is mutual benefit to the parties to the agreement. The topics and specific terms in the community benefits agreements may vary and may include workforce development, job quality, and job access provisions that include, but are not limited to, any of the following:

(1) Terms of employment, such as wages and benefits, employment status, workplace health and safety, scheduling, and career advancement opportunities.

(2) Worker recruitment, screening, and hiring strategies and practices, targeted hiring planning and execution, investment in workforce training and education, and worker voice and representation in decisionmaking affecting employment and training.

(3) Establishing a high road training partnership, as defined in Section 14005 of the Unemployment Insurance Code.

(b) The topics and specific terms in the community benefits agreement may also include, but not be limited to, funding for or providing specific community improvements or amenities such as park and playground equipment, urban greening, enhanced safety crossings, paving roads and bike paths, and annual contributions to a nonprofit or community-based organization or a community foundation that awards grants to organizations delivering community-based services and amenities.

(c) The topics and specific terms in agreements with California Native American tribes may include, but not be limited to, cultural preservation and revitalization programs, joint management and stewardship agreements, open-space preservation agreements, repatriation and reparations agreements, and other compensatory mitigation programs.

(d) The commission shall maintain a list of community-based organizations and make available other resources for an applicant to use in developing the community benefits agreement required under subdivision (a).

SEC. 19. Section 25545.14 is added to the Public Resources Code, immediately following Section 25545.13, to read:

25545.14. (a) The commission shall, in coordination with the Office of Land Use and Climate Innovation, pilot the use of permitting management software to provide greater efficiency in the opt-in certification process, including, but not limited to, by doing all of the following:

(1) Enabling project applicants to submit an online application and view their application in an online dashboard.

(2) Identifying missing information in an application.

(3) Creating efficiencies in how agencies gather and respond to public comments.

(b) Notwithstanding Section 10231.5 of, and in accordance with Section 9795 of, the Government Code, findings from the pilot shall be shared in a final report to the Legislature and other state permitting agencies.

~~SEC. 20.Section 25545.15 is added to the Public Resources Code, immediately following Section 25545.14, to read:~~

~~25545.15.~~

SEC. 20. *Section 25545.18 is added to the Public Resources Code, to read:*

25545.18. (a) The commission shall report quarterly to the Legislature on all of the following:

(1) Applicants within that quarter that have consulted with the commission about a potential project.

(2) Applicants within that quarter that have submitted an application.

(3) Applications within that quarter that have been deemed complete and are under review.

(4) The average time projects under review have been under review within the quarter.

(5) Applications that have been approved within the quarter.

(6) Status of projects that have been approved by the commission, including whether they are interconnected and online.

(b) Notwithstanding Sections 9795 and 10231.5 of the Government Code, the commission may satisfy the reporting requirement of this section by the use of a dashboard on its internet website.

~~SEC. 21.Chapter 16 (commencing with Section 25993) is added to Division 15 of the Public Resources Code, to read:~~

~~16.Policy-Oriented and Wildfire Electric Reimbursement Program~~

~~1.Definitions~~

~~25993.~~

SEC. 21. *Chapter 20 (commencing with Section 25998) is added to Division 15 of the Public Resources Code, to read:*

CHAPTER 20. *Policy-Oriented and Wildfire Electric Reimbursement Program*
Article 1. *Definitions*

25998. For purposes of this chapter, the following definitions apply:

(a) "Electric utility" means either of the following:

(1) An electrical corporation.

(2) A local publicly owned electric utility.

(b) "Electrical corporation" has the same meaning as set forth in Section 218 of the Public Utilities Code.

(c) "Fund" means the Policy-Oriented and Wildfire Electric Reimbursement Fund established pursuant to Section ~~25993.20.~~ *25998.5.*

(d) "Local publicly owned electric utility" has the same meaning as set forth in Section 224.3 of the Public Utilities Code.

(e) "Program" means the Policy-Oriented and Wildfire Electric Reimbursement Program established pursuant to Section ~~25993.10.~~ *25998.1.*

Article 2. Policy-Oriented and Wildfire Electric Reimbursement Program

~~25593.10.~~*25998.1.* The commission, in consultation with the Public Utilities Commission, shall develop and implement the Policy-Oriented and Wildfire Electric Reimbursement Program to reduce the costs to ratepayers by providing reimbursement to electric utilities for expenditures driven by public policy goals that provide a benefit to the general public.

~~25593.11.~~*25998.2.* In developing and implementing the program, the commission shall do all of the following:

(a) Establish guidelines and criteria for allocating reimbursements from the fund and that do all of the following:

(1) Require that reimbursement from the fund be made only for electric utility expenditures that are driven by public policy goals, that provide benefit to the general public and not just to ratepayers, and that are not required for the safe and reliable delivery of electricity to the ratepayers of the electric utility. The expenditures include any of the following:

(A) Transportation electrification programs and incentives.

(B) Building electrification programs and incentives.

(C) Public purpose programs, including energy efficiency programs, research and development programs, and low-income customer discounts.

(D) Programs to promote equity and affordability for low-income ratepayers.

(E) Wildfire mitigation activities.

(F) Distributed energy resource incentives.

(G) Other purposes specified in statute, including statutes appropriating moneys for purposes of the program.

(2) Require that reimbursement from the fund be made for expenditures that are either of the following:

(A) For an electrical corporation, the Public Utilities Commission has approved the expenditures as being just and reasonable.

(B) For a local publicly owned electric utility, the expenditures are approved by its governing board.

(3) Require that reimbursement from the fund be used entirely to reduce the costs paid by the ratepayers of the electric utility and shall not be used for shareholder incentives or return on shareholder equity for an electrical corporation.

(4) Require that the proportion of any expenditures by an electrical corporation that are reimbursed pursuant to this section shall be excluded from the electrical corporation's ratebase and any asset funded by those reimbursed expenditures shall be funded without return on equity for the lifetime of the proportion of that asset that would have otherwise been borne by ratepayers.

(b) Annually adopt a spending plan for available funds and publish the plan on the commission's internet website.

(c) Notwithstanding *Section* 10231.5 of the Government Code, annually report to the Legislature actual utility bill impacts in order to ensure the mechanism is helping to reduce electric utility costs for ratepayers.

(d) The report to be submitted pursuant to subdivision (c) shall be submitted in compliance with Section 9795 of the Government Code.

~~25593.12.~~*25998.3.* The commission may use not more than the lesser of 3 percent of the moneys appropriated for the program or five million dollars ($5,000,000) for administrative and overhead costs each year.

Article 3. Policy-Oriented and Wildfire Electric Reimbursement Fund

~~25593.20.~~*25998.5.* The Policy-Oriented and Wildfire Electric Reimbursement Fund is hereby established in the State Treasury. Moneys in the fund shall, upon appropriation by the Legislature, be expended by the commission for the purpose of the program.

SEC. 22. Section 326 of the Public Utilities Code is repealed.

SEC. 23. Section 326.1 of the Public Utilities Code is amended to read:

326.1. (a) There is hereby established the California Wildfire Safety Advisory Board. The board shall advise the Office of Energy Infrastructure Safety established pursuant to Section 15473 of the Government Code.

(b) The board shall consist of seven members. Five members shall be appointed by the Governor, one member shall be appointed by the Speaker of the Assembly, and one member shall be appointed by the Senate Committee on Rules. The members of the board shall serve four-year staggered terms. The initial members of the board shall be appointed by January 1, 2020. The Governor shall designate three of the initial members who shall serve two-year terms. Members of the board shall be selected from industry experts, academics, and persons with labor and workforce safety experience or other relevant qualifications and shall represent a cross-section of relevant expertise including, at all times, at least three members experienced in the safe operation, design, and engineering of electrical infrastructure.

(c) The board shall meet at least quarterly and alternate meeting locations between northern, central, and southern California, when feasible.

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

(e) All reasonable costs incurred by the board, including staffing, travel at state travel reimbursement rates, and administrative costs, shall be reimbursed through the Public Utilities Commission Utilities Reimbursement Account provided for in Section 402 and shall be part of the budget of the Office of Energy Infrastructure Safety. The office shall consult with the board in the preparation of this portion of the office's proposed annual budget.

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

SEC. 24. Section 326.2 of the Public Utilities Code is amended to read:

326.2. The California Wildfire Safety Advisory Board shall do both of the following:

(a) Review and provide comments and advisory opinions to local publicly owned electric utilities and electrical cooperatives regarding the content and sufficiency of their wildfire mitigation plans and recommendations on how to mitigate wildfire risk.

(b) Provide other advice and recommendations related to wildfire safety as requested by the Office of Energy Infrastructure Safety.

SEC. 25. Section 365.4 is added to the Public Utilities Code, to read:

365.4. The commission shall post on its internet website the authorized and the actual return on equity amounts and the authorized and the actual mix of debt and equity capital for each large electrical corporation, as defined in Section 3280, with 10 years of historical values.

SEC. 26. Section 451.1 of the Public Utilities Code is amended to read:

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

(1) "Covered wildfire" has the same meaning as defined in Section 1701.8.

(2) "Wildfire Fund" means the Wildfire Fund created pursuant to Section 3284.

(b) When determining an application by an electrical corporation to recover costs and expenses arising from a covered wildfire, the commission shall allow cost recovery if the costs and expenses are just and reasonable. Costs and expenses arising from a covered wildfire are just and reasonable if the conduct of the electrical corporation 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 relevant point in time. Reasonable conduct is not limited to the optimum practice, method, or act to the exclusion of others, but rather encompasses a spectrum of possible practices, methods, or acts consistent with utility system needs, the interest of the ratepayers, and the requirements of governmental agencies of competent jurisdiction. Costs and expenses in the application may be allocated for cost recovery in full or in part taking into account factors both within and beyond the utility's control that may have exacerbated the costs and expenses, including humidity, temperature, and winds.

(c) An electrical corporation bears the burden to demonstrate, based on a preponderance of the evidence, that its conduct was reasonable pursuant to subdivision (b) unless it has a valid certificate pursuant to Section 8389 for the time period in which the covered wildfire that is the subject of the application ignited. If the electrical corporation has received a valid certificate for the time period in which the covered wildfire ignited, an electrical corporation's conduct shall be deemed to have been reasonable pursuant to subdivision (b) unless a party to the proceeding creates a serious doubt as to the reasonableness of the electrical corporation's conduct. Once serious doubt has been raised, the electrical corporation has the burden of dispelling that doubt and proving the conduct to have been reasonable.

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

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

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

~~SEC. 27.Section 739.14 is added to the Public Utilities Code, to read:~~

~~739.14.~~

SEC. 27. *Section 739.18 is added to the Public Utilities Code, to read:*

739.18. (a) The commission shall require each electrical corporation and gas corporation, as part of every general rate case application, to do both of the following:

(1) Submit an inflation-constrained rate case scenario in which cumulative increases in annual expenditures proposed to be authorized in that proceeding do not exceed the projected federal social security beneficiary cost-of-living adjustment. This scenario shall include the highest priority spending needs of the electrical or gas corporation.

(2) Compare the inflation-constrained rate case scenario with the primary rate case plan submitted by the corporation.

(b) The commission may authorize expenditures in excess of the inflation-constrained rate case scenario if it determines that the corporation has provided clear and convincing evidence that a higher level of expenditures is necessary to ensure the safe and reliable operation of its electrical or gas system.

(c) The commission shall apply heightened scrutiny to any other request submitted by each electrical corporation or gas corporation that is likely to increase total systemwide expenditures beyond the projected federal social security beneficiary cost-of-living adjustment.

~~SEC. 28.Section 739.16 is added to the Public Utilities Code, to read:~~

~~739.16.~~

SEC. 28. *Section 739.19 is added to the Public Utilities Code, to read:*

739.19. (a) The commission shall adopt formal public findings when it approves an electrical rate increase that include both of the following:

(1) An explanation of why the rate increase was approved.

(2) What the rate increase will cost on the average customer bill.

(b) The commission shall annually include the public findings adopted pursuant to subdivision (a) in each customer's monthly bill.

SEC. 29. Section 748.5 of the Public Utilities Code is repealed.

SEC. 30. Section 748.5 is added to the Public Utilities Code, to read:

748.5. (a) On and after January 1, 2026, the commission shall require all revenues, including any accrued interest, received by an electrical corporation as a result of the direct allocation of greenhouse gas allowances to an electrical corporation pursuant to subdivision (b) of Section 95890 of Title 17 of the California Code of Regulations to be credited directly to the residential, small business, and emissions-intensive trade-exposed retail customers of that electrical corporation. This credit shall be known and cited as the "Climate Home Energy Bill Reduction Credit," "California Energy Rebate," "Climate Credit," or "Credit."

(b) The commission shall require that electrical corporations allocate a larger credit to customers enrolled in CARE or FERA programs compared to the standard credit provided to *residential and small business* customers not enrolled in those programs. The credit shall be excluded from any calculation of the average effective CARE program discount or the FERA discount.

(c) The commission shall direct the credit to be divided among, and applied to, customer bills during the months with the highest average electricity demand in order to maximize reductions to customer bills during the most expensive months.

(d) The commission shall require the adoption and implementation of a customer outreach plan for each electrical corporation, including, but not limited to, such measures as notices in bills and through media outlets, for purposes of obtaining the maximum feasible public awareness of the crediting of greenhouse gas allowance revenues to help reduce monthly household bills. Only direct costs associated with the implementation of this plan are subject to recovery in rates pursuant to Section 454.

SEC. 31. Article 5.2 (commencing with Section 835) is added to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, to read:

Article 5.2. Energization Project Financing

835. (a) If an electrical corporation submits an application for recovery of costs and expenses for energization projects in a proceeding to recover costs and expenses in rates and the commission finds that some or all of the costs and expenses identified in the electrical corporation's application are just and reasonable pursuant to Section 451, the electrical corporation may file an application requesting the commission to issue a financing order to authorize the recovery of those just and reasonable costs and expenses by means of a financing order, with those costs and expenses being recovered through a fixed charge pursuant to this article.

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

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

(2) "Consumer" means any individual, governmental body, trust, business entity, or nonprofit organization that consumes electricity that has been transmitted or distributed by means of electrical transmission or distribution facilities, whether those electrical transmission or distribution facilities are owned by the consumer, the electrical corporation, or any other party.

(3) "Energization" has the same meaning as defined in Section 931.

(4) "Energization amounts" means the portion of costs and expenses for energization projects that the commission finds to be just and reasonable pursuant to Section 451.

(5) "Financing costs" means the costs to issue, service, repay, or refinance recovery bonds, whether incurred or paid upon issuance of the recovery bonds or over the life of the recovery bonds, if they are approved for recovery by the commission in a financing order. "Financing costs" may include any of the following:

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

(B) A payment required under an ancillary agreement.

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

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

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

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

(6) "Financing entity" means the electrical corporation or any subsidiary or affiliate of the electrical corporation that is authorized by the commission to issue recovery bonds or acquire recovery property, or both.

(7) "Financing order" means an order of the commission adopted in accordance with this article, which shall include, without limitation, a procedure to require the expeditious approval by the commission of periodic adjustments to fixed recovery charges and to any associated fixed recovery tax amounts included in that financing order to ensure recovery of all recovery costs and the costs associated with the proposed recovery, financing, or refinancing thereof, including the costs of servicing and retiring the recovery bonds contemplated by the financing order.

(8) "Fixed recovery charges" means those nonbypassable rates and other charges, including, but not limited to, distribution, connection, disconnection, and termination rates and charges, that are authorized by the commission in a financing order to recover both of the following:

(A) Recovery costs specified in the financing order.

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

(9) "Fixed recovery tax amounts" means those nonbypassable rates and other charges, including, but not limited to, distribution, connection, disconnection, and termination rates and charges, that are needed to recover federal and State of California income and franchise taxes associated with fixed recovery charges authorized by the commission in a financing order, but are not approved as financing costs financed from proceeds of recovery bonds.

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

(11) “Recovery costs” means any of the following:

(A) The energization amounts authorized by the commission in a financing order for recovery pursuant to subdivision (a) of Section 835.1.

(B) Federal and State of California income and franchise taxes associated with recovery of the amount pursuant to subparagraph (A).

(C) Financing costs.

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

(12) (A) “Recovery property” means the property right created pursuant to this article, including, without limitation, the right, title, and interest of the electrical corporation or its transferee:

(i) In and to the fixed recovery charges established pursuant to a financing order, including all rights to obtain adjustments to the fixed recovery charges in accordance with Section 835.1 and the financing order.

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

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

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

(13) “Service territory” means the geographical area that the electrical corporation provides with electrical distribution service.

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

835.1. (a) (1) If an electrical corporation files for recovery of recovery costs and the commission finds some or all of those costs and expenses are just and reasonable pursuant to Section 451, the commission may issue a financing order to allow recovery through fixed recovery charges, which would therefore constitute recovery property under this article, and order that any portion of the electrical corporation’s federal and State of California income and franchise taxes associated with those fixed recovery charges and not financed from proceeds of recovery bonds may be recovered through fixed recovery tax amounts.

(2) (A) Following the submission of an application by an electrical corporation pursuant to subdivision (a) of Section 835, the commission shall issue a financing order if the commission determines that both of the following conditions are satisfied:

(i) The recovery costs to be reimbursed from the recovery bonds have been found to be just and reasonable pursuant to Section 451.

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

(I) They are just and reasonable.

(II) They are consistent with the public interest.

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

(B) The electrical corporation may request the determination specified in subparagraph (A) by the commission in a separate proceeding, an existing proceeding, or both. If the commission makes the determination specified in subparagraph (A), the commission shall establish, as part of the financing order, a procedure for the electrical corporation to submit applications from time to time to request the issuance of additional financing orders designating fixed recovery charges and any associated fixed recovery tax amounts as recoverable. The electrical corporation may submit an application with respect to recovery costs that an electrical corporation (i) has paid, (ii) has an existing legal obligation to pay, or (iii) would be obligated to pay pursuant to an executed settlement agreement. The commission shall, within 180 days of the filing of that application, issue a financing order if the commission determines that the amounts identified in the application are recovery costs.

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

(4) An electrical corporation may exercise the same rights and remedies under its tariff and applicable laws and regulations based upon a consumer's nonpayment of fixed recovery charges and any associated fixed recovery tax amounts as it could for a consumer's failure to pay any other charge payable to that electrical corporation.

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

(c) Recovery bonds authorized by the commission's financing orders may be issued in one or more series on or before January 1, 2035.

(d) The commission shall issue financing orders in accordance with this article to facilitate the recovery, financing, or refinancing of recovery costs. A financing order shall become effective in accordance with its terms only after the electrical corporation files with the commission the electrical corporation's written consent to all terms and conditions of the financing order. A financing order may specify how amounts collected from a consumer shall be allocated between fixed recovery charges, any associated fixed recovery tax amounts, and other charges.

(e) Notwithstanding Section 455.5 or 1708, or any other law, and except as otherwise provided in subdivision (g), with respect to recovery property that has been made the basis for the issuance of recovery bonds and with respect to any associated fixed recovery tax amounts, the financing order, the fixed recovery charges, and any associated fixed recovery tax amounts shall be irrevocable. The commission shall not, either by rescinding, altering, or amending the financing order or otherwise, revalue or revise for ratemaking purposes the recovery costs or the costs of recovering, financing, or refinancing the recovery costs, in any way reduce or impair the value of recovery property or of the right to receive any associated fixed recovery tax amounts either directly or indirectly by taking fixed recovery charges or any associated fixed recovery tax amounts into account when setting other rates for the electrical corporation or when setting charges for the Department of Water Resources. The amount of revenues shall not be subject to reduction, impairment, postponement, or termination. The State of California does hereby pledge and agree with the electrical corporation, owners of recovery property, financing entities, and holders of recovery bonds that the state shall neither limit nor alter, except as otherwise provided with respect to the true-up adjustment of the fixed recovery charges pursuant to subdivision (g), the fixed recovery charges, any associated fixed recovery tax amounts, recovery property, financing orders, or any rights under a financing order until the recovery bonds, together with the interest on the recovery bonds and associated financing costs, are fully paid and discharged, and any associated fixed recovery tax amounts have been satisfied or, in the alternative, have been refinanced through an additional issue of recovery bonds, provided that nothing contained in this section shall preclude the limitation or alteration if and when adequate provision shall be made by law for the protection of the electrical corporation and of owners and holders of the recovery bonds. The financing entity is authorized to include this pledge and undertaking for the state in these recovery bonds. When setting other rates for the electrical corporation, this subdivision does not prevent the commission from taking into account either of the following:

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

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

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

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

(f) (1) Financing orders or recovery bonds issued under this article shall not constitute a debt or liability of the state or of any political subdivision thereof, and shall not constitute a pledge of the full faith and credit of the state or any of its political subdivisions, but are payable solely from the funds provided therefor under this article and shall be consistent with Sections 1 and 18 of Article XVI of the California Constitution. All recovery bonds shall contain on the face thereof a statement to the following effect: "Neither the full faith and credit nor the taxing power of the State of California is pledged to the payment of the principal of, or interest on, this bond."

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

(g) The commission shall establish procedures for the expeditious processing of an application for a financing order, which shall provide for the approval or disapproval of the application within 120 days of the application. Any fixed recovery charge authorized by a financing order shall appear on consumer bills. The commission shall, in any financing order, provide for a procedure for periodic true-up adjustments to fixed recovery charges, which shall be made at least annually and may be made more frequently.

(h) Fixed recovery charges are recovery property when, and to the extent that, a financing order authorizing the fixed recovery charges has become effective in accordance with this article, and the recovery property shall thereafter continuously exist as property for all purposes, and all of the rights and privileges relating to that property accorded by this article shall continuously exist for the period and to the extent provided in the financing order, but in any event until the recovery bonds are paid in full, including all principal, premiums, if any, and interest with respect to the recovery bonds, and all associated financing costs are paid in full. A financing order may provide that the creation of recovery property shall be simultaneous with the sale of the recovery property to a transferee or assignee as provided in the application of the pledge of the recovery property to secure the recovery bonds.

(i) Recovery costs shall not be imposed upon customers participating in the California Alternative Rates for Energy program pursuant to Section 739.1 or the Family Electric Rate Assistance program pursuant to Section 739.12.

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

(k) This article, and any financing order made pursuant to this article, does not amend, reduce, modify, or otherwise affect the right of the Department of Water Resources to recover its revenue requirements and to receive the charges that it is to recover and receive pursuant to Division 28 (commencing with Section 80500) and Division 29.5 (commencing with Section 80800) of the Water Code, or pursuant to any agreement entered into by the commission and the Department of Water Resources pursuant to the applicable division.

835.2. (a) The financing entity may issue recovery bonds upon approval by the commission in a financing order. Recovery bonds shall be nonrecourse to the credit or any assets of the electrical corporation, other than the recovery property as specified in that financing order.

(b) The electrical corporation may sell and assign all or portions of its interest in recovery property to one or more financing entities that make that recovery property the basis for issuance of recovery bonds, to the extent approved in a financing order. The electrical corporation or financing entity may pledge recovery property as collateral, directly or indirectly, for recovery bonds to the extent approved in the pertinent financing orders providing for a security interest in the recovery property, in the manner set forth in Section 835.3. In addition, recovery property may be sold or assigned by either of the following:

(1) The financing entity or a trustee for the holders of recovery bonds or the holders of an ancillary agreement in connection with the exercise of remedies upon a default.

(2) Any person acquiring the recovery property after a sale or assignment pursuant to this article.

(c) To the extent that an interest in recovery property is sold, assigned, or is pledged as collateral pursuant to subdivision (b), the commission shall authorize the electrical corporation to contract with the financing entity that it will continue to operate its system to provide service to consumers within its service territory, will collect amounts in respect of the fixed recovery charges for the benefit and account of the financing entity, and will account for and remit these amounts to or for the account of the financing entity. Contracting with the financing entity in accordance with that authorization shall not impair or negate the characterization of the sale, assignment, or pledge as an absolute transfer, a true sale, or a security interest, as applicable. To the extent that billing, collection, and other related services with respect to the provision of electrical service are provided to a consumer by any person or entity other than the electrical corporation in whose service territory the consumer is located, that person or entity shall collect the fixed recovery charges and any associated fixed recovery tax amounts from the consumer for the benefit and account of the electrical corporation or financing entity with the associated revenues remitted solely for the benefit and repayment of the recovery bonds and associated financing costs as a condition to the provision of electrical service to that consumer. Each financing order shall impose terms and conditions, consistent with the purposes and objectives of this article, on any person or entity responsible for billing, collection, and other related services, including, without limitation, collection of the fixed recovery charges and any associated fixed recovery tax amounts, that are the subject of the financing order.

(d) Recovery property that is specified in a financing order shall constitute an existing, present property right, notwithstanding the fact that the imposition and collection of fixed recovery charges depend on the electrical corporation continuing to provide electrical service or continuing to perform its servicing functions relating to the collection of fixed recovery charges or on the level of future electricity consumption. Recovery property shall exist whether the fixed recovery charges have been billed, have accrued, or have been collected and notwithstanding the fact that the value for a security interest in the recovery property, or amount of the recovery property, is dependent on the future provision of service to consumers. All recovery property specified in a financing order shall continue to exist until the recovery bonds issued pursuant to a financing order and all associated financing costs are paid in full.

(e) Recovery property, fixed recovery charges, and the interests of an assignee, bondholder or financing entity, or any pledgee in recovery property and fixed recovery charges are not subject to setoff, counterclaim, surcharge, recoupment, or defense by the electrical corporation or any other person or in connection with the bankruptcy, reorganization, or other insolvency proceeding of the electrical corporation, any affiliate of the electrical corporation, or any other entity.

(f) Notwithstanding Section 1708 or any other law, any requirement under this article or a financing order that the commission takes action with respect to the subject matter of a financing order shall be binding upon the commission, as it may be constituted from time to time, and any successor agency exercising functions similar to the commission, and the commission shall have no authority to rescind, alter, or amend that requirement in a financing order. The approval by the commission in a financing order of the issuance by the electrical corporation or a financing entity of recovery bonds shall include the approvals, if any, as may be required by Article 5 (commencing with Section 816) and Section 701.5. Section 701.5 does not prohibit the issuance of recovery bonds upon the terms and conditions as may be approved by the commission in a financing order. Section 851 does not apply to the transfer or pledge of recovery property, the issuance of recovery bonds, or related transactions approved in a financing order.

835.3. (a) A security interest in recovery property is valid, is enforceable against the pledgor and third parties, is subject to the rights of any third parties holding security interests in the recovery property perfected in the manner described in this section, and attaches when all of the following have taken place:

(1) The commission has issued a financing order authorizing the fixed recovery charges included in the recovery property.

(2) Value has been given by the pledgees of the recovery property.

(3) The pledgor has signed a security agreement covering the recovery property.

(b) A valid and enforceable security interest in recovery property is perfected when it has attached and when a financing statement has been filed in accordance with Chapter 5 (commencing with Section 9501) of Division 9 of the Commercial Code naming the pledgor of the recovery property as "debtor" and identifying the recovery property. Any description of the recovery property shall be sufficient if it refers to the financing order creating the recovery property. A copy of the financing statement shall be filed with the commission by the electrical corporation that is the pledgor or transferor of the recovery property, and the commission may require the electrical corporation to make other filings with respect to the security interest in accordance with procedures it may establish, provided that the filings shall not affect the perfection of the security interest.

(c) A perfected security interest in recovery property is a continuously perfected security interest in all recovery property revenues and proceeds arising with respect thereto, regardless of whether the revenues or proceeds have accrued. Conflicting security interests shall rank according to priority in time of perfection. Recovery property shall constitute property for all purposes, including for contracts securing recovery bonds, regardless of whether the recovery property revenues and proceeds have accrued.

(d) Subject to the terms of the security agreement covering the recovery property and the rights of any third parties holding security interests in the recovery property perfected in the manner described in this section, the validity and relative priority of a security interest created under this section is not defeated or adversely affected by the commingling of revenues arising with respect to the recovery property with other funds of the electrical corporation that is the pledgor or transferor of the recovery property, or by any security interest in a deposit account of that electrical corporation perfected under Division 9 (commencing with Section 9101) of the Commercial Code into which the revenues are deposited. Subject to the terms of the security agreement, upon compliance with the requirements of paragraph (1) of subdivision (b) of Section 9312 of the Commercial Code, the pledgees of the recovery property shall have a perfected security interest in all cash and deposit accounts of the electrical corporation in which recovery property revenues have been commingled with other funds, but the perfected security interest shall be limited to an amount not greater than the amount of the recovery property revenues received by the electrical corporation within 12 months before (1) any default under the security agreement or (2) the institution of insolvency proceedings by or against the electrical corporation, less payments from the revenues to the pledgees during that 12-month period.

(e) If default occurs under the security agreement covering the recovery property, the pledgees of the recovery property, subject to the terms of the security agreement, shall have all rights and remedies of a secured party upon default under Division 9 (commencing with Section 9101) of the Commercial Code, and are entitled to foreclose or otherwise enforce their security interest in the recovery property, subject to the rights of any third parties holding prior security interests in the recovery property perfected in the manner provided in this section. In addition, the commission may require in the financing order creating the recovery property that, in the event of default by the electrical corporation in payment of recovery property revenues, the commission and any successor thereto, upon the application by the pledgees or transferees, including transferees under Section 835.4, of the recovery property, and without limiting any other remedies available to the pledgees or transferees by reason of the default, shall order the sequestration and payment to the pledgees or transferees of recovery property revenues. Any order shall remain in full force and effect, notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the debtor, pledgor, or transferor of the recovery property. Any surplus in excess of amounts necessary to pay principal, premiums, if any, interest, costs, and arrearages on the recovery bonds, and associated financing costs arising under the security agreement, shall be remitted to the debtor or to the pledgor or transferor.

(f) Section 5451 of the Government Code does not apply to any pledge of recovery property by a financing entity. Sections 9204 and 9205 of the Commercial Code apply to a pledge of recovery property by the electrical corporation, an affiliate of the electrical corporation, or a financing entity.

(g) (1) This section sets forth the terms by which a consensual security interest shall be created and perfected in the recovery property. Unless otherwise ordered by the commission with respect to any series of recovery bonds on or before the issuance of the series, there shall exist a statutory lien as provided in this subdivision. Upon the effective date of the financing order, there shall exist a first priority lien on all recovery property then existing or thereafter arising pursuant to the terms of the financing order. This lien shall arise by operation of this section automatically without any action on the part of the electrical corporation, any affiliate thereof, the financing entity, or any other person. This lien shall secure all obligations, then existing or subsequently arising, to the holders of the recovery bonds issued pursuant to the financing order, the trustee or representative for the holders, and any other entity specified in the financing order. The persons for whose benefit this lien is established shall, upon the occurrence of any defaults specified in the financing order, have all rights and remedies of a secured party upon default under Division 9 (commencing with Section 9101) of the Commercial Code, and are entitled to foreclose or otherwise enforce this statutory lien in the recovery property. This lien attaches to the recovery property regardless of who owns, or is subsequently determined to own, the recovery property, including the electrical corporation, any affiliate thereof, the financing entity, or any other person. This lien shall be valid, perfected, and enforceable against the owner of the recovery property and all third parties upon the effectiveness of the financing order without any further public notice; provided, however, that any person may, but is not required to, file a financing statement in accordance with subdivision (b). Financing statements so filed may be "protective filings" and are not evidence of the ownership of the recovery property.

(2) A perfected statutory lien in recovery property is a continuously perfected lien in all recovery property revenues and proceeds, regardless of whether the revenues or proceeds have accrued. Conflicting liens shall rank according to priority in time of perfection. Recovery property shall constitute property for all purposes, including for contracts securing recovery bonds, regardless of whether the recovery property revenues and proceeds have accrued.

(3) In addition, the commission may require, in the financing order creating the recovery property, that, in the event of default by the electrical corporation in the payment of recovery property revenues, the commission and any successor thereto, upon the application by the beneficiaries of the statutory lien, and without limiting any other remedies available to the beneficiaries by reason of the default, shall order the sequestration and payment to the beneficiaries of recovery property revenues. Any order shall remain in full force and effect, notwithstanding any bankruptcy, reorganization, or other insolvency proceedings with respect to the debtor. Any surplus in excess of amounts necessary to pay principal, premiums, if any, interest, costs, and arrearages on the recovery bonds, and other costs arising in connection with the documents governing the recovery bonds, shall be remitted to the debtor.

835.4. (a) A transfer of recovery property by the electrical corporation to an affiliate or to a financing entity, or by an affiliate of the electrical corporation or a financing entity to another financing entity, which the parties in the governing documentation have expressly stated to be a sale or other absolute transfer, in a transaction approved in a financing order, shall be treated as an absolute transfer of all of the transferor's right, title, and interest, as in a true sale, and not as a pledge or other financing, of the recovery property, other than for federal and state income and franchise tax purposes.

(b) The characterization of the sale, assignment, or transfer as an absolute transfer and true sale and the corresponding characterization of the property interest of the purchaser shall not be affected or impaired by, among other things, the occurrence of any of the following:

(1) Commingling of fixed recovery charge revenues with other amounts.

(2) The retention by the seller of either of the following:

(A) A partial or residual interest, including an equity interest, in the financing entity or the recovery property, whether direct or indirect, subordinate, or otherwise.

(B) The right to recover costs associated with taxes, franchise fees, or license fees imposed on the collection of fixed recovery charges.

(3) Any recourse that the purchaser may have against the seller.

(4) Any indemnification rights, obligations, or repurchase rights made or provided by the seller.

(5) The obligation of the seller to collect fixed recovery charges on behalf of an assignee.

(6) The treatment of the sale, assignment, or transfer for tax, financial reporting, or other purposes.

(7) Any true-up adjustment of the fixed recovery charges as provided in the financing order.

(c) A transfer of recovery property shall be deemed perfected against third persons when both of the following occur:

(1) The commission issues the financing order authorizing the fixed recovery charges included in the recovery property.

(2) An assignment of the recovery property in writing has been executed and delivered to the transferee.

(d) As between bona fide assignees of the same right for value without notice, the assignee first filing a financing statement in accordance with Chapter 5 (commencing with Section 9501) of Division 9 of the Commercial Code naming the assignor of the recovery property as debtor and identifying the recovery property has priority. Any description of the recovery property shall be sufficient if it refers to the financing order creating the recovery property. A copy of the financing statement shall be filed by the assignee with the commission, and the commission may require the assignor or the assignee to make other filings with respect to the transfer in accordance with procedures it may establish, but these filings shall not affect the perfection of the transfer.

835.5. Any successor to the electrical corporation, whether pursuant to any bankruptcy, reorganization, or other insolvency proceeding, pursuant to any merger, sale, or transfer, by operation of law, or otherwise, shall perform and satisfy all obligations of the electrical corporation pursuant to this article in the same manner and to the same extent as the electrical corporation, including, but not limited to, collecting and paying to the holders of recovery bonds, or their representatives, or the applicable financing entity revenues arising with respect to the recovery property sold to the applicable financing entity or pledged to secure recovery bonds. Any successor to the electrical corporation is entitled to receive any fixed recovery tax amounts otherwise payable to the electrical corporation.

835.6. The authority of the commission to issue financing orders pursuant to this article shall expire on January 1, 2035. The expiration of the authority shall have no effect upon financing orders adopted by the commission pursuant to this article or any recovery property arising therefrom, or upon the charges authorized to be levied thereunder, or the rights, interests, and obligations of the electrical corporation or a financing entity or holders of recovery bonds pursuant to the financing order, or the authority of the commission to monitor, supervise, or take further action with respect to the order in accordance with the terms of this article and of the order.

835.7. (a) Notwithstanding subdivision (e) of Section 835.1, if, subsequent to the issuance of a financing order, an electrical corporation receives additional insurance proceeds, tax benefits, or other amounts that reimburse the electrical corporation for costs associated with energization amounts included in the recovery costs addressed in that financing order, the electrical corporation shall credit customers, in a manner to be determined by the commission, with the net after tax amounts of those reimbursements, but the commission shall not adjust, amend, or modify the energization amounts, fixed recovery charges, fixed recovery tax amounts, financing order, recovery costs, recovery property, or recovery bonds.

(b) This section does not permit a setoff, counterclaim, surcharge, recoupment, or defense by the electrical corporation or any other person, or in connection with the bankruptcy, reorganization, or other insolvency proceeding of the electrical corporation, any affiliate of the electrical corporation, or any other entity, against the recovery property, the fixed recovery charges, or the interests of an assignee, bondholder, or financing entity, or any pledgee in recovery property or fixed recovery charges.

835.8. This article does not affect any civil action or proceeding.

SEC. 32. Section 850 of the Public Utilities Code is amended to read:

850. (a) This article applies in any of the following circumstances:

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

(2) If an electrical corporation submits an application for recovery of costs and expenses related to catastrophic wildfires, including fire risk mitigation capital expenditures identified in subdivisions (d) and (e) of Section 8386.3, in a proceeding to recover costs and expenses in rates and the commission finds that some or all of the costs and expenses identified in the electrical corporation's application are just and reasonable pursuant to Section 451, the electrical corporation may file an application requesting the commission to issue a financing order to authorize the recovery of those just and reasonable costs and expenses by means of a

financing order, with those costs and expenses being recovered through a fixed charge pursuant to this article. This paragraph does not apply for costs and expenses incurred by the electrical corporation after December 31, 2035.

(3) (A) An electrical corporation may file an application requesting the commission to issue a financing order to authorize the recovery of verified incremental undercollection amounts for calendar year 2020 through fixed recovery charges pursuant to this article, if an electrical corporation's annual true-up advice letter is accepted and either or both of the following incremental undercollection amounts are verified for calendar year 2020:

(i) An incremental undercollection amount equal to the difference between the forecasted amount of billed revenues for that year, based on the authorized sales forecast, and the revenues actually billed by an electrical corporation with respect to all revenue balancing accounts, if the incremental amount as a percent of the forecasted amount of billed revenues for that year is at least 5 percent.

(ii) An incremental undercollection amount equal to the residential and small business customer bad debt expense recorded for that year that exceeds the bad debt expense for that year that was adopted by the commission in the general rate case, if the incremental undercollection amount is otherwise eligible for recovery in rates.

(B) The incremental undercollection amounts subject to a commission-approved financing order shall be prohibited from being recovered through any other cost recovery application, mechanism, or request by the electrical corporation.

(C) The commission shall ensure any costs included in incremental undercollections described in this paragraph and subject to a financing order are just and reasonable consistent with the requirements of subdivision (a) of Section 850.1.

(D) In resolving a request for the issuance of a financing order, the commission may assign cost recovery to each customer class based on their contribution to the incremental undercollection described in this paragraph.

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

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

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

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

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

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

(B) A payment required under an ancillary agreement.

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

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

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

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

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

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

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

(A) Recovery costs specified in the financing order.

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

(8) "Fixed recovery tax amounts" means those nonbypassable rates and other charges, including, but not limited to, distribution, connection, disconnection, and termination rates and charges, that are needed to recover federal and State of California income and franchise taxes associated with fixed recovery charges authorized by the commission in a financing order, but are not approved as financing costs financed from proceeds of recovery bonds.

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

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

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

(B) The incremental undercollection amounts that the commission authorizes for recovery in a financing order pursuant to paragraph (3) of subdivision (a).

(C) Federal and State of California income and franchise taxes associated with recovery of the amounts pursuant to subparagraph (A) or (B).

(D) Financing costs.

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

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

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

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

(B) "Recovery property" shall not include a right to be paid fixed recovery tax amounts.

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

(12) (A) "Revenue balancing account" means a balancing account reflecting the balance between the electrical corporation's authorized revenue requirements relating to the volumetric sale of electricity and billed revenues associated with those sales. A revenue balancing account includes accounts reflecting the balance between the electrical corporation's authorized distribution base revenue requirements and recorded billed revenues from authorized distribution rates, and accounts reflecting the difference between the amount of the discount provided to consumers enrolled in the California Alternative Rates for Energy (CARE) program and the CARE surcharge charged to non-CARE consumers.

(B) "Revenue balancing account" shall not include amounts reflecting the balance between costs and expenses relating to fuel and purchased electricity by the electrical corporation.

(13) "Service territory" means the geographical area that the electrical corporation provides with electric distribution service.

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

SEC. 33. Section 913.2 is added to the Public Utilities Code, to read:

913.2. In addition to the information required to be submitted pursuant to Section 913.1, for each large electrical corporation, as defined in Section 3280, the report required by Section 913.1 shall also include all of the following information:

(a) The amount of ratebase for the transmission assets, distribution assets, and generation assets for the large electrical corporation with 10 years of historical values.

(b) The total amount for return on equity and return on debt, reported separately, collected in the revenue requirement for the transmission assets, distribution assets, and generation assets for the large electrical corporation.

(c) The total amount of federal, state, and local taxes associated with the return on equity collected in the revenue requirements for the transmission, distribution, and generation assets for the large electrical corporation.

(d) The portion of the annual revenue requirement associated with the return on equity, total return on ratebase, and the associated federal, state, and local taxes associated with the return on equity of the large electrical corporation.

(e) The actual mix of equity and debt capital in the large electrical corporation's capital structure compared to the mix of equity and debt capital authorized by the commission.

SEC. 34. Section 913.5 of the Public Utilities Code is amended to read:

913.5. (a) (1) Before July 1, 2022, and every three years thereafter, the commission shall submit a report to the Legislature on the demand-side management programs it oversees or that are paid for by ratepayers of community choice aggregators, electrical corporations, or gas corporations, including, but not limited to, energy efficiency and demand response programs.

(2) The report shall include a list of all demand-side management programs, inclusive of codes and standards programs, with evaluations for each program that include, but are not limited to, all of the following:

(A) Program description and target population.

(B) Authorized utility budgets and actual expenditures.

(C) Projected and actual energy savings over the program cycle.

(D) Projected and actual bill savings to the average participating and the average nonparticipating ratepayer.

(E) Cost-effectiveness analysis, including a total resource cost test and a program administrator cost test.

(F) Public interest impacts, as applicable, such as nonenergy effects, emissions reductions, or equity considerations.

(G) Actual customers served, aggregated by customer class, geographic distribution, and income level.

(H) Peak demand reduction, as applicable.

(I) Total system benefits, as adopted in the commission's Decision 21-09-037 (September 23, 2021) Decision Adopting Energy Efficiency Goals for 2022-2032.

(3) The commission may provide evaluations at a portfolio level in addition to the individual program evaluation required pursuant to paragraph (2).

(b) In the report submitted pursuant to subdivision (a), the commission shall also report to the Legislature on the progress toward achieving the targets established pursuant to subdivision (a) of Section 454.55 and subdivision (a) of Section 454.56. The commission shall include specific strategies for, and an update on, progress toward maximizing the contribution of energy and electricity efficiency bill savings in disadvantaged communities identified pursuant to Section 39711 of the Health and Safety Code.

SEC. 35. Section 937.5 is added to the Public Utilities Code, to read:

937.5. (a) (1) The commission shall not allow a large electrical corporation to include in its equity rate base its share of the ten billion dollars ($10,000,000,000) that the large electrical corporations collectively first expend on energization capital expenditures approved by the commission on or after January 1, 2025.

(2) Of the amount described in paragraph (1), the Pacific Gas and Electric Company's share shall be four billion five hundred million dollars ($4,500,000,000), Southern California Edison Company's share shall be four billion four hundred million dollars ($4,400,000,000), and San Diego Gas and Electric Company's share shall be one billion one hundred million dollars ($1,100,000,000). These shares are based on each of those companies' total revenue requirements for 2023.

(b) A large electrical corporation's energization capital expenditures and the debt financing costs of these energization capital expenditures may be financed through a financing order pursuant to Section 835.1, subject to the requirements of that financing order.

(c) For purposes of this section, "large electrical corporation" has the same meaning as defined in Section 3280.

(d) This section shall remain in effect only until January 1, 2035, and as of that date is repealed.

SEC. 36. Division 1.8 (commencing with Section 3600) is added to the Public Utilities Code, to read:

DIVISION 1.8. Clean Energy Infrastructure Authority Act
PART 1. General Provisions

3600. (a) This division shall be known, and may be cited, as the Clean Energy Infrastructure Authority Act.

(b) The Legislature finds and declares all the following:

(1) The 2021 SB 100 Joint Agency Report estimated that the state will need to add 175 gigawatts of new renewable or zero-carbon electrical generation capacity to the electrical grid by 2045 to achieve the goal of serving 100 percent of retail sales of electricity from renewable or zero-carbon sources. This anticipated zero-carbon capacity requirement represents an increase of nearly three times the electrical grid's current total generation capacity across all resource types.

(2) The Independent System Operator, in its 20-Year Transmission Outlook from January 2022, estimated that $30,500,000,000 will need to be invested in new transmission capacity by 2040 in order to support the increase in new clean energy generation and projected increases in electrical demand.

(3) New transmission lines require completing many time-consuming steps before they come online and deliver electricity, including acquiring rights-of-way, obtaining land use and environmental permits, and constructing the transmission lines and related infrastructure. Major new transmission lines can take more than a decade from their initial planning stage to operation.

(4) While large investments in clean energy generation and transmission infrastructure are necessary to achieve the state's goals for reducing the emissions of greenhouse gases, concerns about the affordability of

energy require the state to seek ways to reduce the cost and risk of building this infrastructure.

(5) A state infrastructure authority would be able to reduce the cost of building new transmission infrastructure because the state is usually able to raise debt to finance projects at lower interest rates than would be available to private entities or local publicly owned utilities.

(6) A state infrastructure authority would be able to spread the impacts of new infrastructure fairly across the state and ensure that state-supported infrastructure projects are aligned with a comprehensive plan for meeting the state's clean energy needs, rather than having each proposed project considered in isolation.

(7) A state infrastructure authority would be able to reduce risk and accelerate the completion of critical projects by leveraging the state's authority to facilitate the acquisition of rights-of-way and thorough, but efficient, permitting processes.

3601. For purposes of this division, the following definitions apply:

(a) "Acquire" means to obtain eligible clean energy infrastructure by lease, construction, reconstruction, partnership, or purchase.

(b) "Authority" means the Clean Energy Infrastructure Authority created pursuant to Section 3605.

(c) "Bank" means the California Infrastructure and Economic Development Bank.

(d) "Bond" means a clean energy infrastructure bond, note, commercial paper, fixed or variable interest rate obligations or variable maturity security, and any other evidence of indebtedness issued pursuant to this division.

(e) "California balancing authority" has the same meaning as defined in Section 399.12.

(f) "Eligible clean energy infrastructure" means electrical transmission infrastructure, transmission-related energy storage systems, and all related structures, properties, and supporting infrastructure, including any interests therein, that furthers the state's efforts to reduce its net emissions of greenhouse gases, while maintaining safety and reliability.

(g) "Eligible facility" means eligible clean energy infrastructure to be financed or acquired by the authority pursuant to this division.

(h) "Finance" means the lending of bond proceeds by the authority to a public utility, publicly owned utility, or other private person for the purpose of that public utility, publicly owned utility, or other private person, in whole or in part, planning, developing, acquiring, owning, maintaining, or operating eligible clean energy infrastructure.

(i) "Fund" means the Clean Energy Infrastructure Authority Fund established pursuant to Section 3620.

(j) "Large electrical corporation" has the same meaning as defined in Section 3280.

(k) "Project" means an undertaking by the authority to finance or plan, develop, acquire, own, maintain, or operate an eligible facility located, in part or in whole, within the state.

(l) "Publicly owned utility" means a local publicly owned electric utility, as defined in Section 224.3.

(m) "Public utility" has the same meaning as defined in Section 216.

(n) "Transmission-related energy storage systems" means energy storage systems that are used to reduce the need for transmission capacity or to improve reliability in areas with transmission constraints.

3602. The purpose of this division is to create the Clean Energy Infrastructure Authority to lead the state's efforts to build critical clean energy infrastructure necessary to enable the state to transition to 100 percent clean energy.

PART 2. Governance

3605. (a) The Clean Energy Infrastructure Authority is hereby created as a public instrumentality of the state.

(b) The authority's board shall be composed of seven members as follows:

(1) The President of the Public Utilities Commission, or the president's designee.

(2) The Treasurer, or the Treasurer's designee.

(3) The Chair of the Energy Commission, or the chair's designee.

(4) The Chair of the State Air Resources Board, or the chair's designee.

(5) The Secretary of the Natural Resources Agency, or the secretary's designee.

(6) The Director of the Governor's Office of Business and Economic Development, or the director's designee.

(7) The President of the Independent System Operator, or the president's designee.

(c) The Governor shall designate a member of the authority's board to serve as chair, and the authority's board may annually elect other officers as it deems necessary.

(d) The authority's board shall meet at the call of the chair or whenever four members request in writing to meet.

(e) A majority of the authority's board members constitutes a quorum for the transaction of business, but the affirmative vote of at least four members is necessary for any action to be taken by the authority.

(f) The authority is not created or organized, and its operations are not conducted, for the purpose of making a profit, but the authority is expected to recover its operating costs.

(g) The authority's revenues and assets shall not benefit or be distributable to its members, officers, or other private persons.

(h) The authority's board members who are not salaried state service employees shall be eligible for reasonable compensation, not to exceed a per diem of four hundred dollars ($400), for attendance at board meetings.

3606. (a) The authority shall hire an executive director and any other employees or agents, including consultants, financial advisors, and legal advisors, as it deems necessary for the performance of the authority's powers and duties, and prescribe the powers and duties of, and fix the compensation of, the employees and agents.

(b) The executive director of the authority shall direct the affairs and business of the authority, subject to the policies, control, and direction of the authority's board.

PART 3. Powers and Duties

3610. The authority shall do all of the following:

(a) Any and all things necessary or proper to accomplish the purpose of this division or to comply with state and federal law.

(b) Maintain records and accounts of revenues and expenditures as required by the California State Auditor.

(c) Coordinate with California balancing authorities, including the Independent System Operator, and the Federal Energy Regulatory Commission, as necessary.

3611. The authority may do any of the following:

(a) Make and execute agreements, contracts, and other instruments necessary or convenient in the exercise of its powers and functions with any person or governmental entity.

(b) Enter into contractual agreements upon terms and conditions the authority considers advisable.

(c) Use the services of executive branch departments of the state upon mutually agreeable terms and conditions.

(d) Enter into partnerships with public and private entities.

(e) Identify and establish corridors for the transmission of electricity within the state.

(f) Through participation in appropriate regional transmission forums, coordinate, investigate, plan, prioritize, and negotiate with entities within and outside the state to establish interstate transmission corridors.

(g) Finance, plan, develop, acquire, own, maintain, sell, or operate eligible clean energy infrastructure necessary or useful for the accomplishment of the purpose of this division.

(h) Exercise the power of eminent domain to acquire property or rights-of-way for public use if both necessary for a project and if doing so would not involve taking the property of a public utility or publicly owned utility or materially diminishing the reliability of the electrical transmission system in the state, as determined by the commission.

(i) Receive by gift, grant, donation, or otherwise, any sum of money, aid, or assistance from the United States, any other state, any political subdivision of the state, or any other public or private entity.

(j) For any project, provide information and training to employees regarding any unique hazards that may be posed by the project, safety work practices, and emergency procedures.

(k) Issue bonds pursuant to this division as necessary to undertake a project.

(l) Collect payments of reasonable rates, fees, interest, or other charges from the Independent System Operator or persons using eligible facilities to finance eligible facilities and for other services rendered by the authority if any revenue derived from payments made to the authority is deposited into the fund.

(m) Borrow moneys as necessary to carry out the purpose of this division, and mortgage and pledge any leases, loans, or contracts executed and delivered by the authority.

(n) Sue and be sued.

(o) Adopt reasonable administrative and procedural rules as may be necessary or appropriate for the purpose of this division.

(p) Make agreements with local governments to provide community benefits in areas affected by eligible facilities.

(q) Act as the lead agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code) and other environmental reviews.

3612. (a) This section shall only apply to electrical transmission infrastructure that will be located in the service territory of, or connected directly to the electrical transmission infrastructure of, a large electrical corporation and owned by the authority.

(b) Before the construction of electrical transmission infrastructure described in subdivision (a) has begun, the authority shall enter into a lease or other agreement with the large electrical corporation described in subdivision (a) to construct, operate, and maintain the electrical transmission infrastructure.

3613. The authority shall not enter into a project if a public utility, publicly owned utility, or private person is constructing, or already providing, equivalent electrical transmission infrastructure for the services contemplated by the authority.

3614. The authority may propose, and plan for, new electrical transmission infrastructure, but shall not develop electrical transmission infrastructure unless the California balancing authority with control over the area in which the electrical transmission infrastructure will be developed has approved the project.

3615. Notwithstanding any other law, upon a project being approved by the California balancing authority with control over the area in which the electrical transmission infrastructure will be developed, approval of the project by the commission shall not be required.

3616. Notwithstanding any other law, the authority is not subject to the supervision or control of the commission or any other board, bureau, department, or agency of the state, except as specifically provided in this division.

PART 4. Financial Provisions

3620. There is hereby created the Clean Energy Infrastructure Authority Fund in the State Treasury for the purpose of financing projects pursuant to this division.

3621. (a) Revenues of, and all other income collected by, the authority pursuant to this division shall be deposited into the fund.

(b) Proceeds of revenue bonds issued pursuant to this division shall be deposited into the fund.

3622. Upon appropriation by the Legislature, the authority may use moneys in the fund for any of the following purposes:

(a) Capital costs.

(b) Costs incurred by the authority pursuant to this division for its operations and administration.

(c) Debt service and other costs associated with bonds issued pursuant to this division.

(d) Administrative costs incurred in implementing this division in an amount determined by the authority and approved by the Department of Finance.

(e) Other costs to further the purpose of this division.

PART 5. Revenue Bonds

3625. (a) (1) Upon request by the authority, the bank shall, on behalf of the authority, issue taxable or tax-exempt revenue bonds pursuant to Chapter 5 (commencing with Section 63070) of Division 1 of Title 6.7 of the Government Code and deposit the proceeds from the bonds into the fund or, with authority approval, use the proceeds to refund bonds previously issued under this part. Bond proceeds may also be used to fund necessary reserves, capitalized interest, or costs of issuance.

(2) Except as may be provided in the governing documents with respect to bond anticipation notes, each of the bonds issued under this part shall, to the extent provided in the governing documents, be payable from, and secured by, all or a portion of the revenues in, and assets of, the fund, to the extent the revenues and assets are pledged by the authority for those purposes.

(3) Bonds issued pursuant to this part shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof, other than the bank, or a pledge of the faith and credit of the state or of any political subdivision, but shall be payable solely from the fund, the assets of the fund, and the security provided by the fund. All bonds issued under this part shall contain on the face of the bonds a statement to the same effect.

(b) The financing provided pursuant to this division shall not exceed the total value of the projects being financed pursuant to this division.

(c) All moneys received for repayment of a loan, and any penalties, interest, and fees in connection with a loan, provided for the purpose of this division shall be deposited into the fund.

3626. (a) The authority may pledge all or any part of the revenues of, and all other income collected by, the authority, and other lawfully available moneys of the authority, to bonds entered into pursuant to this division and any repayment or reimbursement obligations of the authority to any provider of bond insurance, letter of credit, line of credit, reserve fund surety, or other facility providing credit or liquidity support for any revenue bonds.

(b) The state hereby pledges to, and agrees with, the holders of the revenue bonds that the state will not limit, alter, or restrict the rights hereby vested in the authority to fulfill each pledge of revenues and any other terms of any agreement made with or for the benefit of the bondholders or in any way impair the rights or remedies of the bondholders or the providers of bond insurance, letter of credit, or line of credit facilities.

3627. (a) The authority may request that the bank issue revenue bonds pursuant to this part through a resolution adopted by the authority’s board by majority vote.

(b) A resolution to request the issuance of revenue bonds shall specify all of the following:

(1) The purposes for which the revenue bonds are to be issued.

(2) The maximum principal amount of the revenue bonds.

(3) The maximum term for the revenue bonds.

(4) The maximum rate of interest to be payable on the revenue bonds. That interest rate shall not exceed the maximum rate specified in Section 53531 of the Government Code. The interest rate may be either fixed or variable and shall be payable at the times and in the manner specified in the resolution.

PART 6. Oversight

3630. The Department of Finance shall do all of the following:

(a) Monitor and oversee the authority's operations.

(b) Receive and review reports from the authority on implementation of this division and review rules proposed for adoption pursuant to this division.

(c) Review and provide assistance and advice to the authority before the authority enters into a project.

(d) Undertake an ongoing examination of the statutes, constitutional provisions, regulations, and court decisions governing energy transmission and renewable energy development.

(e) On or before December 15, annually report its findings and recommendations pursuant to this section, including recommended legislation or necessary changes, to the Governor, commission, and Legislature.

3631. Once each calendar quarter, the authority shall report to the Legislature on all expenditures made and activities conducted in the fiscal year to date pursuant to this division.

3632. The authority, on or before December 1, shall annually submit to the Legislature a report of its activities. Each report shall set forth a complete operating and financial statement covering its operations for the previous fiscal year.

3633. The California State Auditor, or the California State Auditor's designee, shall conduct an annual financial and legal compliance audit of the accounts of the authority and file copies with the Governor and the Legislature.

3634. A report to be submitted pursuant to this part shall be submitted in compliance with Section 9795 of the Government Code.

PART 7. Miscellaneous Provisions

3640. For a project not subject to rate regulation by the Federal Energy Regulatory Commission, a public utility may recover the capital costs of a project undertaken in partnership with the authority pursuant to this division from its retail customers only if the commission has determined that the recovery of those costs is just and reasonable.

3641. Information obtained by the authority that is proprietary technical or business information shall be confidential and not subject to inspection pursuant to the California Public Records Act. "Proprietary technical or business information" includes, but is not limited to, power purchase agreements, costs of production, costs of transmission, transmission service agreements, credit reviews, detailed power models, and financing statements.

SEC. 37. Section 8385 of the Public Utilities Code is amended to read:

8385. (a) For purposes of this chapter, the following definitions apply:

(1) "Deenergization event" means the proactive interruption of electrical service for the purpose of mitigating or avoiding the risk of causing a wildfire.

(2) "Electrical cooperative" has the same meaning as defined in Section 2776.

(3) "Electrical corporation" has the same meaning as defined in Section 218.

(4) "Large electrical corporation" has the same meaning as defined in Section 3280.

(5) "Local publicly owned electric utility" has the same meaning as defined in Section 224.3.

(6) "Office" means the Office of Energy Infrastructure Safety, within the Natural Resources Agency.

(7) "Independent transmission owner" means an electrical corporation that owns a transmission asset that is not required by the commission to seek commission approval for general rate increases.

(b) Beginning July 1, 2021, the office shall oversee an electrical corporation's adherence with the requirements of this chapter pursuant to the Public Utilities Act (Part 1 (commencing with Section 201) of Division 1). This chapter does not affect the commission's authority or jurisdiction over an electrical corporation, electrical cooperative, independent transmission owner, or local publicly owned electric utility.

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

8386. (a) Each electrical corporation shall construct, maintain, and operate its electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by those electrical lines and equipment, taking into account both the time required to implement the proposed mitigations and the amount of risk reduced for the cost and risk remaining.

(b) Each electrical corporation shall submit a wildfire mitigation plan to the office for review at least once every four years. The office shall establish a schedule for the submission of wildfire mitigation plans, which may allow for the staggering of evaluation and performance periods for each electrical corporation.

(c) (1) Beginning January 1, 2026, each electrical corporation shall submit a preliminary wildfire mitigation plan to the office at the earliest date of one year before the filing of its general rate case application or concurrent with the filing of its Risk Assessment Mitigation Phase application with the commission. The wildfire mitigation plan shall cover the same period as the general rate case period.

(2) Paragraph (1) does not apply to independent transmission owners.

(d) The wildfire mitigation plan shall include all of the following:

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

(2) The objectives of the plan.

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

(4) A description of the metrics the electrical corporation plans to use to measure and track the implementation of the plan and the assumptions that underlie the use of those metrics.

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

(6) A description of the electrical corporation’s protocols for disabling reclosers and deenergizing portions of the electrical distribution system that consider the associated impacts on public safety. As part of these protocols, each electrical corporation shall include protocols related to mitigating the public safety impacts of disabling reclosers and deenergizing portions of the electrical distribution system that consider the impacts on all of the following:

(A) Critical first responders.

(B) Health and communication infrastructure.

(C) Customers who receive medical baseline allowances pursuant to subdivision (c) of Section 739. The electrical corporation may deploy backup electrical resources or provide financial assistance for backup electrical resources to a customer receiving a medical baseline allowance for a customer who meets all of the following requirements:

(i) The customer relies on life-support equipment that operates on electricity to sustain life.

(ii) The customer demonstrates financial need, including through enrollment in the California Alternate Rates for Energy program continued pursuant to Section 739.1.

(iii) The customer is not eligible for backup electrical resources provided through medical services, medical insurance, or community resources.

(D) Subparagraph (C) does not prevent an electrical corporation from deploying backup electrical resources or providing financial assistance for backup electrical resources under any other authority.

(7) A description of the electrical corporation’s appropriate and feasible procedures for notifying a customer who may be impacted by the deenergizing of electrical lines, including procedures for those customers receiving medical baseline allowances as described in paragraph (6). The procedures shall direct notification to all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure with premises within the footprint of potential deenergization for a given event. The procedures shall comply with any orders of the commission regarding notifications of deenergization events.

(8) Identification of circuits that have frequently been deenergized pursuant to a deenergization event to mitigate the risk of wildfire and the measures taken, or planned to be taken, by the electrical corporation to reduce the need for, and impact of, future deenergization of those circuits, including, but not limited to, the estimated annual decline in circuit deenergization and deenergization impact on customers, and replacing, hardening, or undergrounding any portion of the circuit or of upstream transmission or distribution lines.

(9) Plans for vegetation management.

(10) Plans for inspections of the electrical corporation's electrical infrastructure.

(11) A description of the electrical corporation's protocols for the deenergization of the electrical corporation's transmission infrastructure, for instances when the deenergization may impact customers who, or entities that, are dependent upon the infrastructure. The protocols shall comply with any order of the commission regarding deenergization events.

(12) A list that identifies, describes, and prioritizes all wildfire risks, and drivers for those risks, throughout the electrical corporation's service territory, including all relevant wildfire risk and risk mitigation information that is required by the commission's risk-based decisionmaking framework established in commission proceedings A.15-05-002 or R.20-07-013, or subsequent proceedings, and the Risk Assessment Mitigation Phase filings. The list shall include, but not be limited to, all of the following:

(A) Risks and risk drivers associated with design, construction, operations, and maintenance of the electrical corporation's equipment and facilities.

(B) Particular risks and risk drivers associated with topographic and climatological risk factors throughout the different parts of the electrical corporation's service territory.

(C) Particular risks and risk drivers associated with the speed with which wildfire risk mitigation measures can and will be deployed by an electrical corporation within its service territory.

(13) A description of how the plan accounts for the wildfire risk identified in the electrical corporation's Risk Assessment Mitigation Phase filing, if applicable.

(14) A description of the actions the electrical corporation will take to ensure its system will achieve the highest level of safety, reliability, and resiliency, taking into account the cost and time required to achieve those benefits, and to ensure that its system is prepared for a major event, including hardening and modernizing its infrastructure with improved engineering, system design, standards, equipment, and facilities, such as undergrounding, insulating of distribution wires, and replacing poles. The electrical corporation shall present the cost-efficiency measures adopted by the commission, calculated consistent with the direction provided by the commission's most recent risk-based decisionmaking framework proceeding for at least two reasonable mitigation alternatives for a given identified wildfire risk.

(15) A description of where and how the electrical corporation considered undergrounding electrical distribution lines within those areas of its service territory identified to have the highest wildfire risk in a commission fire threat map.

(16) A showing that the electrical corporation has an adequately sized and trained workforce to promptly restore service after a major event, taking into account employees of other utilities pursuant to mutual aid agreements and employees of entities that have entered into contracts with the electrical corporation.

(17) Identification of any geographic area in the electrical corporation's service territory that is a higher wildfire threat than is currently identified in a commission fire threat map, and where the commission should consider expanding the high fire threat district based on new information or changes in the environment.

(18) A methodology for identifying and presenting enterprisewide safety risk and wildfire-related risk that is consistent with the methodology used by other electrical corporations unless the commission determines otherwise.

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

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

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

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

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

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

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

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

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

(23) Any other information that the office may require.

(e) The office shall post all wildfire mitigation plans submitted pursuant to this section on the office's internet website beginning July 1, 2021, for no less than two months before its decision regarding approval of the plan. The office shall accept comments on each plan from the public, other local and state agencies, and interested parties, and verify that the plan complies with all applicable rules, regulations, and standards, as appropriate.

SEC. 39. Section 8386.1 of the Public Utilities Code is amended to read:

8386.1. The commission may assess penalties on an electrical corporation that fails to comply with its plan. In determining an appropriate amount of the penalty, the commission shall consider all of the following:

(a) The nature and severity of any noncompliance, including whether the noncompliance resulted in harm.

(b) The extent to which the commission has found that the electrical corporation failed to comply with its plans in prior years.

(c) Whether the electrical corporation self-reported the circumstances constituting noncompliance.

(d) Whether the electrical corporation implemented corrective actions with respect to the noncompliance.

(e) Whether the electrical corporation knew or in the exercise of reasonable care should have known of the circumstances constituting noncompliance.

(f) Whether the electrical corporation had previously engaged in conduct of a similar nature that caused significant property damage or injury.

(g) Any other factors established by the commission in an order assessing penalties for noncompliance, consistent with this chapter.

SEC. 40. Section 8386.2 of the Public Utilities Code is amended to read:

8386.2. (a) The commission shall require a safety culture assessment of each electrical corporation to be conducted by an independent third-party evaluator. The commission shall set the schedule for each assessment, including updates to the assessment at least every five years. The electrical corporation shall not seek reimbursement for the costs of the assessment from ratepayers.

(b) The office shall conduct a wildfire-focused safety culture assessment of each electrical corporation at least once every two years.

SEC. 41. Section 8386.3 of the Public Utilities Code is amended to read:

8386.3. (a) (1) (A) The office shall approve or deny each wildfire mitigation plan within nine months of its submission.

(B) Notwithstanding subparagraph (A), for an electrical corporation that is not an independent transmission owner, the wildfire mitigation plan is subject to approval pursuant to Section 8386.4.

(2) The office shall consult with the Office of the State Fire Marshal on the review of each wildfire mitigation plan and update. In rendering its decision, the office shall consider comments submitted pursuant to subdivision (e) of Section 8386. Before approval, the office may require modifications of the plan.

(3) The office may extend any deadlines established pursuant to this subdivision. The decision to extend deadlines shall be made in writing and include reasons supporting the determination that the deadline cannot be met.

(4) An approval of a plan pursuant to this section is not a project as defined in Division 13 (commencing with Section 21000) of the Public Resources Code, provided that environmental review otherwise required by Division 13 (commencing with Section 21000) of the Public Resources Code occurs before any project approval that would authorize physical changes being made to the environment.

(b) Following approval of a wildfire mitigation plan pursuant to subdivision (a) of this section or Section 8386.4, the office shall oversee the implementation of the plan consistent with all of the following:

(1) On or before April 1, 2026, and on or before each April 1 thereafter, each electrical corporation shall file with the office a self-evaluation report addressing the electrical corporation's implementation of its approved plan during the prior calendar year.

(2) (A) On or before March 1, 2021, and on or before each March 1 thereafter, the office, in consultation with the Office of the State Fire Marshal, shall make available a list of qualified independent evaluators with experience in assessing the safe operation of electrical infrastructure.

(B) (i) Each electrical corporation shall engage an independent evaluator listed pursuant to subparagraph (A) to review and assess the electrical corporation's implementation of its approved plan. The engaged independent evaluator shall consult with, and operate under the direction of, the office. The independent evaluator shall issue a report on or before July 1 of each year in which a report required by paragraph (1) is filed.

(ii) The office shall consider the independent evaluator's findings, but the independent evaluator's findings are not binding on the office.

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

(4) The office shall complete its performance review of an electrical corporation's implementation of its plan within 18 months after the submission of the electrical corporation's self-evaluation report.

(5) (A) Following the end of the performance period, the office may, consistent with its authority pursuant to paragraph (1) of subdivision (b) of Section 15475 of the Government Code, conduct audits of the vegetation management work performed by, or on behalf of, the electrical corporation. The initial audit shall identify deficiencies in the electrical corporation's implementation of the vegetation management commitments in the wildfire mitigation plan. The office shall provide the initial audit report to the electrical corporation. The electrical corporation shall have a reasonable time, as determined by the office, to respond to and develop corrective actions for any deficiency specified in the initial audit report.

(B) The office may engage its own independent auditor, who shall be a certified arborist and shall have any other qualifications determined appropriate by the office, to conduct the audit specified in subparagraph (A). The independent auditor shall consult with, and operate under the direction of, the office.

(C) Following the expiration of the time period for an electrical corporation to respond to and develop corrective actions for any deficiency identified in the initial audit, the office or the independent auditor shall issue an updated audit report to the electrical corporation identifying any outstanding deficiency in the electrical corporation's implementation or planned corrective actions relative to its vegetation management commitments in the electrical corporation's wildfire mitigation plan. The report shall be made publicly available. The office shall include, if available, the report in its performance review prepared pursuant to paragraph (4).

(6) Each electrical corporation shall reimburse the office for the office's costs to implement this section with respect to that electrical corporation.

(c) (1) An electrical corporation shall not divert revenues authorized by the commission to implement the approved wildfire mitigation plan to any programs or activities outside of the plan approved pursuant to Section 8386.4. An electrical corporation shall notify the commission by advice letter of both of the following:

(A) The date when the electrical corporation projects that it will have spent, or incurred obligations to spend, its entire annual revenue requirement for vegetation management in its wildfire mitigation plan not less than 30 days before that date.

(B) A detailed summary of the electrical corporation's workforce development efforts completed in compliance with the Office of Federal Contract Compliance Programs, including, but not limited to, all of the following:

(i) A description of and data on the extent to which the electrical corporation advertises job openings to members of California Conservation Corps crews and members of community conservation corps, as defined in Section 14507.5 of the Public Resources Code.

(ii) A description of and data on the extent to which the electrical corporation, in seeking to develop potential members of its workforce, has links to or otherwise works with community-based or other organizations that work with current members of California Conservation Corps crews and current members of community conservation corps, as defined in Section 14507.5 of the Public Resources Code, and formerly incarcerated conservation crew members.

(iii) A description of the extent to which the electrical corporation supports skill-development efforts that would assist current and former members of California Conservation Corps crews, members of community conservation corps, as defined in Section 14507.5 of the Public Resources Code, formerly incarcerated conservation crew members, and others with similar skillsets in acquiring skills needed to complete work on or near electrical facilities. This clause does not alter the requirements imposed on an employer pursuant to Section 12952 of the Government Code.

(2) An electrical corporation shall provide to the office a copy of the advice letter pursuant to paragraph (1) at the same time the advice letter is submitted to the commission.

(d) The commission shall not allow a large electrical corporation to include in its equity rate base its share, as determined pursuant to the Wildfire Fund allocation metric specified in Section 3280, of the first five billion dollars ($5,000,000,000) expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures included in the electrical corporations' approved wildfire mitigation plans. An electrical corporation's share of the fire risk mitigation capital expenditures and the debt financing costs of these fire risk mitigation capital expenditures may be financed through a financing order pursuant to Section 850.1 subject to the requirements of that financing order.

(e) The commission shall not allow a large electrical corporation to include in its equity rate base its share, as determined pursuant to the Wildfire Fund allocation metric specified in Section 3280, of the five billion dollars ($5,000,000,000) that the large electrical corporations collectively first expend on fire risk mitigation capital expenditures approved by the commission on or after January 1, 2025. These amounts are in addition to the amounts the large electrical corporations shall not include in their equity rate base pursuant to subdivision (d). An electrical corporation's share of the fire risk mitigation capital expenditures and the debt financing costs of these fire risk mitigation capital expenditures may be financed through a financing order pursuant to Section 850.1 subject to the requirements of that financing order.

(f) This section does not impose any liability on the office regarding the performance of its duties.

SEC. 42. Section 8386.4 of the Public Utilities Code is amended to read:

8386.4. (a) (1) The commission shall consider the cost of implementing each electrical corporation's plan in its general rate case proceeding and shall approve the costs for wildfire risk mitigation programs and activities it determines are just and reasonable.

(2) In the commission's discretion, each electrical corporation may establish a memorandum account to track costs incurred for wildfire risk mitigation that are unforeseen and incremental to the wildfire risk mitigation programs and activities authorized in the electrical corporation's revenue requirements. The commission shall review the costs in the memorandum accounts and disallow recovery of those costs the commission deems unreasonable.

(3) The chief executive officer of an electrical corporation shall certify in each general rate case application that the electrical corporation has not received authorization from the commission to recover the costs in a previous proceeding, including wildfire cost recovery applications.

(b) For a general rate case application that is filed on or after, or that is filed before but not approved by the commission before, the effective date of the bill that added this subdivision, all of the following shall apply:

(1) The electrical corporation shall file its preliminary wildfire mitigation plan approved pursuant to subdivision (a) of Section 8386.3, or, if no plan has been approved by the office, the wildfire mitigation plan filed pursuant to subdivision (c) of Section 8386, and any applicable decision from the office, with the general rate case application and shall include testimony establishing the forecast of costs necessary to implement the programs and activities in the plan.

(2) The commission shall consult with the office regarding the programs and activities in the plan in rendering its decision pursuant to paragraph (1) of subdivision (a). The commission’s decision shall constitute approval of the revenue requirement necessary to implement the electrical corporation’s wildfire mitigation plan.

(3) Within 45 days of the commission’s decision rendered pursuant to paragraph (1) of subdivision (a) or any commission order modifying that decision, the electrical corporation shall submit a revised wildfire mitigation plan to the office that conforms to the commission’s revenue authorization. The office shall review and either approve or request modifications to the revised wildfire mitigation plan submitted in accordance with the revenue authorized pursuant to paragraph (1) of subdivision (a). The office shall approve the revised wildfire mitigation plan within two months of submission. After approval by the office, the electrical corporation shall file the approved revised wildfire mitigation plan as an information-only submittal with the commission.

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

SEC. 43. Section 8386.5 of the Public Utilities Code is amended to read:

8386.5. The commission, the office, and the Department of Forestry and Fire Protection shall enter into a memorandum of understanding to cooperatively develop consistent approaches and share data related to fire prevention, safety, vegetation management, and energy distribution systems. The commission, the office, and the department shall share results from various fire prevention activities, including relevant inspections and fire ignition data.

SEC. 44. Section 8387 of the Public Utilities Code is amended to read:

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

(b) (1) The local publicly owned electric utility or electrical cooperative shall, before January 1, 2020, prepare a wildfire mitigation plan. After January 1, 2026, a local publicly owned electric utility or electrical cooperative shall prepare a wildfire mitigation plan and shall submit the plan to the California Wildfire Safety Advisory Board at least once every four years on a schedule determined by the California Wildfire Safety Advisory Board.

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

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

(B) The objectives of the wildfire mitigation plan.

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

(D) A description of the metrics the local publicly owned electric utility or electrical cooperative plans to use to measure and track the implementation of the plan and the assumptions that underlie the use of those metrics.

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

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

(G) Appropriate and feasible procedures for notifying a customer who may be impacted by the deenergizing of electrical lines. The procedures shall direct notification to all public safety offices, critical first responders, health care facilities, and operators of telecommunications infrastructure with premises within the footprint of potential deenergization for a given event.

(H) Plans for vegetation management.

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

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

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

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

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

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

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

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

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

(ii) Identify any deficiencies in the wildfire mitigation plan or its implementation, and correct those deficiencies.

(iii) Monitor and audit the effectiveness of electrical line and equipment inspections, including inspections performed by contractors, that are carried out under the plan, other applicable statutes, or commission rules.

(3) In each year it is required to submit a plan, the local publicly owned electric utility or electrical cooperative shall present its wildfire mitigation plan in an appropriately noticed public meeting. The local publicly owned electric utility or electrical cooperative shall accept comments on its wildfire mitigation plan from the public, other local and state agencies, and interested parties, and shall verify that the wildfire mitigation plan complies with all applicable rules, regulations, and standards, as appropriate.

(c) The local publicly owned electric utility or electrical cooperative shall contract with a qualified independent evaluator with experience in assessing the safe operation of electrical infrastructure to review and assess the comprehensiveness of its wildfire mitigation plan. The independent evaluator shall issue a report that shall be made available on the internet website of the local publicly owned electric utility or electrical cooperative, and shall present the report at a public meeting of the local publicly owned electric utility's or electrical cooperative's governing board.

SEC. 45. Section 8388.5 of the Public Utilities Code is amended to read:

8388.5. (a) The commission shall establish an expedited utility distribution infrastructure undergrounding program consistent with this section.

(b) Only a large electrical corporation may participate in the program.

(c) In order to participate in the program, a large electrical corporation shall submit to the office a distribution infrastructure undergrounding plan that shall address or include, at minimum, all of the following components:

(1) A 10-year plan for undergrounding distribution infrastructure.

(2) Identification of the undergrounding projects that will be constructed as part of the program, including a means of prioritizing undergrounding projects based on wildfire risk reduction, public safety, cost efficiency, and reliability benefits. Only undergrounding projects located in tier 2 or 3 high fire-threat districts or rebuild areas may be considered and constructed as part of the program.

(3) Timelines for the completion of identified and prioritized undergrounding projects, and unit cost targets and mileage completion targets for each year covered by the plan.

(4) A comparison of undergrounding versus aboveground hardening of electrical infrastructure and wildfire mitigation for achieving comparable risk reduction, or any other alternative mitigation strategy, such as covered conductor and rapid earth fault current limiter devices, for those prioritized undergrounding projects, evaluating the scope, cost, extent, and risk reduction of each activity, separately and collectively, over the duration of the plan. The comparison shall emphasize risk reduction and include an analysis of the cost of each activity for reducing wildfire risk, separately and collectively, over the duration of the plan.

(5) A plan for utility and contractor workforce development.

(6) An evaluation of project costs, projected economic benefits over the life of the assets, and any cost containment assumptions, including the economies of scale necessary to reduce wildfire risk and mitigation costs and establish a sustainable supply chain.

(d) Upon a large electrical corporation submitting a plan to the office, the office shall do both of the following:

(1) Publish the plan for public comment.

(2) Within nine months, review and approve or deny the plan. The office may only approve the plan if the large electrical corporation has shown that the plan will substantially increase electrical reliability by reducing the use of public safety power shutoffs, enhanced powerline safety settings, deenergization events, and any other outage programs, and substantially reduce the risk of wildfire. Before approving the plan, the office may require the large electrical corporation to modify the plan or to modify and resubmit the plan.

(e) (1) Upon the office approving a plan pursuant to paragraph (2) of subdivision (d), the large electrical corporation shall, within 60 days, submit to the commission a copy of the plan and an application requesting review and conditional approval of the plan's costs and including all of the following:

(A) Any substantial improvements in safety risk and reduction in costs compared to other hardening and risk mitigation measures over the duration of the plan.

(B) The cost targets, at a minimum, that result in feasible and attainable cost reductions as compared to the large electrical corporation's historical undergrounding costs.

(C) How the cost targets are expected to decline over time due to cost efficiencies and economies of scale.

(D) A strategy for achieving cost reductions over time.

(2) The assigned commissioner may waive the requirements of subdivisions (b), (d), (f), and (i) of Section 1701.3 for an application submitted to the commission pursuant to paragraph (1).

(3) In reviewing an application submitted to the commission pursuant to paragraph (1), the commission shall consider not revisiting cost or mileage completion targets approved, or pending approval, in the electrical corporation's general rate case or a commission-approved balancing account ratemaking mechanism for system hardening.

(4) Upon the commission receiving an application pursuant to paragraph (1), the commission shall facilitate a public workshop for presentation of the plan and take public comment for at least 30 days.

(5) On or before nine months, the commission shall review and approve or deny the application. Before approving the application, the commission may require the large electrical corporation to modify or modify and resubmit the application.

(6) The commission shall consider continuing an existing commission-approved balancing account ratemaking mechanism for system hardening for the duration of a plan, as determined by the commission, and shall authorize recovery of recorded costs that are determined to be just and reasonable.

(f) If the plan is approved by the office and commission, the large electrical corporation shall do all of the following:

(1) Every six months, file a progress report with the office and the commission. The large electrical corporation and the office shall publish these progress reports on their internet websites.

(2) Include ongoing work plans and progress in annual wildfire mitigation plan filings.

(3) Hire an independent monitor, selected by the office, to review and assess the large electrical corporation’s adherence to its plan and submit a report with the office each December 1 over the course of the plan.

(g) (1) In reviewing and assessing the large electrical corporation’s adherence to its plan pursuant to paragraph (3) of subdivision (f), the independent monitor shall assess whether the large electrical corporation’s progress on undergrounding work has been consistent with the objectives identified in its plan. The independent monitor’s report shall specify any failure, delays, or shortcomings of the large electrical corporation and provide recommendations for improvements to accomplish the objectives set forth in the plan.

(2) The large electrical corporation shall have 180 days to correct and eliminate any deficiency specified in the independent monitor’s report.

(3) On or before December 1 of each year the plan is in effect, the independent monitor shall submit the report to the office.

(h) The office shall publish reports received pursuant to paragraph (3) of subdivision (g) on its internet website.

(i) (1) The office shall consider the independent monitor’s report and whether the large electrical corporation has cured any deficiencies, and may provide an assessment to the commission for consideration.

(2) The commission may assess penalties on a large electrical corporation that fails to substantially comply with a commission decision approving its plan.

(j) Each large electrical corporation participating in the program shall apply for available federal, state, and other nonratepayer moneys throughout the duration of its approved undergrounding plan, and any moneys received as a result of those applications shall be used to reduce the program’s costs on the large electrical corporation’s ratepayers.

(k) An approval of a plan pursuant to this section is not a project as defined in Division 13 (commencing with Section 21000) of the Public Resources Code, provided that environmental review otherwise required by Division 13 (commencing with Section 21000) of the Public Resources Code occurs before any project approval that would authorize physical changes being made to the environment.

SEC. 46. Section 8389 of the Public Utilities Code is amended to read:

8389. (a) The Director of the Office of Energy Infrastructure Safety shall issue a certificate to an electrical corporation if the electrical corporation provides documentation of the following:

(1) The electrical corporation has an approved wildfire mitigation plan pursuant to subdivision (a) of Section 8386.3.

(2) The electrical corporation has agreed to implement the recommendations of its most recent safety culture assessments performed pursuant to Section 8386.2, if applicable.

(3) The electrical corporation has established a safety committee of its board of directors composed of members with relevant safety experience.

(4) The electrical corporation has established an executive incentive compensation structure approved by the office and structured to promote safety as a priority and to ensure public safety and utility financial stability with performance metrics, including incentive compensation based on meeting performance metrics that are measurable and enforceable, for all executive officers, as defined in Section 451.5. This may include tying 100 percent of incentive compensation to safety performance and denying all incentive compensation in the event the electrical corporation causes a catastrophic wildfire that results in one or more fatalities.

(5) The electrical corporation has established board-of-director-level reporting to the commission and office on safety issues.

(6) (A) The electrical corporation has established a compensation structure for any new or amended contracts, plans, or arrangements, whether written or unwritten, for executive officers, as defined in Section 451.5, that is based on the following principles:

(i) (I) Strict limits on guaranteed cash compensation, with the primary portion of the executive officers' compensation based on achievement of objective performance metrics.

(II) No guaranteed monetary incentives in the compensation structure.

(ii) It satisfies the compensation principles identified in paragraph (4).

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

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

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

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

(7) The electrical corporation is implementing the mitigation strategies in its approved wildfire mitigation plan. The electrical corporation shall file a notification of implementation of its wildfire mitigation plan with the office and an information-only submittal with the commission on a quarterly basis that details the implementation of both its approved wildfire mitigation plan and recommendations of the most recent safety culture assessments by the commission and office, and a statement of the recommendations of the board of directors safety committee meetings that occurred during the quarter. The notification and information-only submittal shall also summarize the implementation of the safety committee recommendations from the electrical corporation's previous notification and submission. If the office has reason to doubt the veracity of the statements contained in the notification or information-only submittal, it shall perform an audit of the issue of concern. The electrical corporation shall provide a copy of the information-only submittal to the office.

(b) (1) A certificate shall be valid for the 12 consecutive months following the issuance of the certificate.

(2) (A) Before the expiration of a certificate, an electrical corporation shall submit to the office a request for a certificate for the following 12 months. The office shall issue a certificate within 90 days of a request if the electrical corporation has provided documentation that it has satisfied the requirements in subdivision (a).

(B) The office may, for good cause, in writing, extend the 90-day period.

(3) All documents submitted pursuant to this section shall be publicly available on the commission's and the office's internet websites.

(4) (A) Notwithstanding paragraph (1), a certificate shall remain valid until the office acts on the electrical corporation's pending request for a certificate.

(B) The office may extend the expiration date of a certificate if the office or the commission has not yet acted on an element of the certificate request required pursuant to subdivision (a).

SEC. 47. Section 351 of the Water Code is amended to read:

351. (a) Except in the event of a wildfire, a deenergization event, or a breakage or failure of a dam, pump, pipeline, or conduit causing an immediate emergency, the governing body of a public water supplier shall make a declaration pursuant to Section 350 only after a public hearing at which consumers of the water supply shall have an opportunity to be heard to protest the declaration and to present their respective needs to the governing board.

(b) For purposes of this section, a "deenergization event" means a planned power outage, undertaken by an electrical corporation, as defined in Section 218 of the Public Utilities Code, to reduce the risk of wildfires caused by utility equipment, pursuant to Public Utilities Commission Resolution ESRB-8 and any decisions issued by the commission, the former Wildfire Safety Division, as set forth in former Section 326 of the Public Utilities Code, the Office of Energy Infrastructure Safety, or any other agency with authority over electrical corporations. A deenergization event commences when an electrical corporation provides notice to any state agency or political subdivision of the potential need to initiate a planned deenergization of the electrical grid, and ceases when the electrical corporation restores electrical services to all deenergized customers, or at such time as the electrical corporation cancels the deenergization event for some or all of its affected customers, and rescinds the notice of the potential need to initiate the deenergization event. A deenergization event does not include any planned outages in connection with regular utility work.

SEC. 48. The Legislature finds and declares that Section 36 of this act, which adds Section 3641 to the Public Utilities Code, imposes a limitation on the public's right of access to the meetings of public bodies or the writings of public officials and agencies within the meaning of Section 3 of Article I of the California Constitution. Pursuant to that constitutional provision, the Legislature makes the following findings to demonstrate the interest protected by this limitation and the need for protecting that interest:

The benefits of authorizing the Clean Energy Infrastructure Authority to partner with public utilities, local publicly owned utilities, and private persons in order to accelerate the development of clean energy infrastructure, and of maintaining the confidentiality of the proprietary technical and business information shared with the authority for that purpose, outweigh the benefits of public disclosure of that information.

SEC. 49. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 50. This act is an urgency statute necessary for the immediate preservation of the public peace, health, or safety within the meaning of Article IV of the California Constitution and shall go into immediate effect. The facts constituting the necessity are:

To protect California consumers from high electricity bills, it is necessary for this act to take effect immediately.