

Senate Bill No. 254

CHAPTER 119

An act to amend Sections 4216.1, 8557, 12100.110, 15472, 15473, 15475, 15475.1, 15475.2, 15475.6, and 63050 of, to add Section 12100.111 and 12100.112 to, to add Article 10.5 (commencing with Section 63049.71) to Chapter 2 of Division 1 of Title 6.7 of, and to repeal Sections 15475.4 and 15475.5 of, the Government Code, to amend Section 25545.1, 25545.2, 25545.4, 25545.5, 25545.6, 25545.7, 25545.7.2, 25545.7.6, 25545.8, 25545.9, 25545.10, and 25545.12, and to add Article 7 (commencing with Section 21159.30) to Chapter 4.5 of Division 13 of, the Public Resources Code, to amend Sections 326.1, 326.2, 850, 850.1, 934, 1701.8, 3280, 3292, 3310, 3380.1, 3380.2, 8385, 8386, 8386.1, 8386.2, 8386.3, 8386.4, 8386.5, 8387, 8388.5, and 8389 of, to amend the heading of Part 6 (commencing with Section 3280) of Division 1 of, to add Sections 913.2 and 8386.10 to, to add Chapter 6 (commencing with Section 3299.100) to Part 6 of Division 1 of, to add and repeal Sections 940 and 719 of, to add and repeal Chapter 4 (commencing with Section 3298) and Chapter 5 (commencing with Section 3299) of Part 6 of Division 1 of, to repeal Sections 352 and 3287 of, and to repeal and add Section 3283 of, the Public Utilities Code, to amend Sections 17039 and 23036 of, and to add and repeal Sections 17053.40 and 23640 of, the Revenue and Taxation Code, and to amend Sections 351, 80506, 80524, 80540, and 80544 of, and to add and repeal Section 80544.5 of, the Water Code, relating to energy, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

[Approved by Governor September 19, 2025. Filed with
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LEGISLATIVE COUNSEL'S DIGEST

SB 254, Becker. Energy.

(1) Existing law establishes the Governor's Office of Business and Economic Development (GO-Biz) within the Governor's office and requires the office to serve the Governor as the lead entity for economic strategy and the marketing of California on issues relating to business development, private sector investment, and economic growth, as provided. Existing law, the Bergeson-Peace Infrastructure and Economic Development Bank Act (bank act), establishes the California Infrastructure and Economic Development Bank (I-Bank) within GO-Biz, under the direction of an executive director and governed by, and its corporate power exercised by, a board of directors (bank board). Existing law, among other things, authorizes the bank to make loans, issue bonds, and provide financial assistance for various types of projects that qualify as economic development or public development facilities, as provided. Existing law prohibits the

financing of economic development facilities unless the bank determines that the financing or assistance meets specified public interest criteria.

Existing law, the Safe Drinking Water, Wildfire Prevention, Drought Preparedness, and Clean Air Bond Act of 2024 (bond act), approved by the voters as Proposition 4 at the November 5, 2024, statewide general election, authorizes the issuance of bonds in the amount of \$10,000,000,000 pursuant to the State General Obligation Bond Law to finance projects for safe drinking water, drought, flood, and water resilience, wildfire and forest resilience, coastal resilience, extreme heat mitigation, biodiversity and nature-based climate solutions, climate-smart, sustainable, and resilient farms, ranches, and working lands, park creation and outdoor access, and clean air programs. Existing law makes \$850,000,000 of that amount available, upon appropriation of the Legislature, for clean energy projects, as provided.

This bill would deem the financing of projects related to the clean energy projects funded by the bond act, as described above, to be in the public interest and eligible for financing by the I-Bank or by a special purpose trust established pursuant to the bank act and would, except as specified, require that any such financing be treated as financing of an economic development facility for purposes of the bank act. The bill would authorize the I-Bank to provide any form of financial assistance, including issuing bonds, as provided.

The bill would authorize the I-Bank to provide financial assistance under the California Transmission Accelerator Revolving Fund Program to any eligible participating party, either directly or to a lending or financial institution, in connection with the financing or refinancing of an accelerator project, in accordance with an agreement or agreements between the I-Bank and the participating party, either as a sole lender or in participation or syndication with other lenders. The bill would define various terms for these purposes. The bill would require that eligible projects for financing under these provisions meet specified conditions. The bill would require the I-Bank to prepare, and the bank board to approve, guidelines for the provision of financial assistance under the Accelerator Revolving Fund Program, and would exempt the accelerator financing plan and guidelines to administer the program from the rulemaking provisions of the Administrative Procedure Act.

Existing law creates the California Infrastructure and Economic Development Bank Fund (bank fund) in the State Treasury for purposes of implementing the objectives and provisions of the bank act. Except as specified, existing law continuously appropriates all moneys in the bank fund for support of the I-Bank and for expenditure for the purposes stated in the bank act.

This bill would provide that moneys in the bank fund are available for expenditure for California Transmission Accelerator financing, as described above, only upon appropriation by the Legislature. The bill would create the Accelerator Revolving Fund within the State Treasury for the purpose of providing financial assistance under the Accelerator Revolving Fund

Program. The bill would make the moneys in the fund, except as specified, continuously appropriated, without regard to fiscal year, for the support of eligible entities, as defined, and available for expenditure for the above-described purposes. By establishing a continuously appropriated fund, the bill would make an appropriation.

(2) Existing law creates within Go-Biz the Energy Unit to accelerate the planning, financing, and execution of critical energy infrastructure projects, as specified.

This bill would require the Energy Unit to establish a Transmission Infrastructure Accelerator (accelerator), in coordination with certain entities, to develop a financing and development strategy for eligible transmission projects receiving California Transmission Accelerator financing, established by this bill's provisions as described above, and would require the accelerator to take the necessary steps to accelerate the development and deployment of those projects to maximize ratepayer savings. The bill would require the accelerator, before December 31, 2026, to coordinate the state's ongoing activities related to transmission planning and development and to ensure accelerator projects meet specified criteria. The bill would also require the accelerator to evaluate the results of the Independent System Operator's transmission planning process, to select which accelerator projects have the opportunity to receive public financing, and to develop a public-private partnership plan to develop financing options that maximize debt financing, among other things.

(3) The Personal Income Tax Law and the Corporation Tax Law allow various credits against the taxes imposed by those laws.

This bill would allow a credit against those taxes for each taxable year beginning on or after January 1, 2026, and before January 1, 2036, in an amount equal to 20% of the qualified expenditures paid or incurred by the qualified taxpayer during the taxable year, not to exceed \$20,000,000 per qualified taxpayer per taxable year. The bill would define "qualified expenditures" for these purposes to mean costs paid or incurred for planning, design, engineering, permitting, construction, and equipment directly related to an eligible transmission project, as defined, or qualified wages, as defined, paid or incurred to employees of a qualified taxpayer that perform services directly related to the eligible transmission project. The bill would define "qualified taxpayer" for these purposes to mean a taxpayer that is a participating entity under the Accelerator Revolving Fund Program, as described above. If the credit allowed under these provisions is claimed by the qualified taxpayer, the bill would prohibit the taxpayer from earning a return on equity for the eligible transmission project for the portion of the project for which the credit is claimed. The bill would require the I-Bank to inform the Franchise Tax Board of any eligible transmission project that the bank approves for financial assistance and to provide any other information the Franchise Tax Board requires for administration of the credits allowed by the bill.

Existing law requires a bill authorizing a new tax expenditure to contain, among other things, specific goals the tax expenditure will achieve, detailed performance indicators, and data collection requirements.

This bill would provide that this requirement does not apply to the credits allowed by the bill's provisions.

(4) The California Consumer Power and Conservation Financing Authority Act creates the California Consumer Power and Conservation Financing Authority. The act authorizes the authority, before January 1, 2007, to establish, finance, purchase, lease, own, operate, acquire, or construct generating facilities and other projects and enterprises, or provide financial assistance for projects or programs by participating parties, to supplement private and public sector power supplies to ensure a sufficient and reliable supply of electricity for California's consumers at just and reasonable rates, to finance programs for consumers and businesses to invest in cost-effective energy efficient appliances, renewable energy projects, and other programs that will reduce the demand for energy in California, to finance natural gas transportation and storage projects, to achieve an adequate energy reserve capacity in California, and to provide financing for owners of aged, inefficient, electric powerplants to perform necessary retrofits to improve the efficiency and environmental performances of those powerplants.

This bill would additionally authorize the authority to sponsor, finance, purchase, lease, own, operate, acquire, or construct new transmission projects, as defined. The bill would authorize the authority to seek financing assistance from any entity eligible to access the California Transmission Accelerator Revolving Fund.

Existing law authorizes the authority to incur indebtedness and to issue securities of any kind or class, at public or private sale by the Treasurer, and to renew the same, if the indebtedness is payable solely from revenues. Existing law authorizes the authority to issue bonds, as specified, in an amount not to exceed \$5,000,000,000, exclusive of any refunds.

This bill would delete that \$5,000,000,000 limit.

Existing law prohibits the authority from financing or approving any new program, enterprise, or project on or after January 1, 2007, unless authority to approve such an activity is granted by statute enacted on or before January 1, 2007.

This bill would repeal that provision.

(5) Existing law vests the State Energy Resources Conservation and Development Commission (Energy Commission) with the exclusive jurisdiction to certify the construction of certain eligible facilities, as defined. 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 extend the date that a person proposing an eligible facility is authorized to apply by to June 30, 2030.

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 to support the preparation of an environmental impact report and issuance of a certification. 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 to support the preparation of an environmental impact report, mitigated negative declaration, or negative declaration, and would make related conforming changes. 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 instead authorize the executive director to require an applicant to submit missing information in the application before an application can be deemed complete and would require that any further requests by the executive director for missing information in response to additional information provided by the applicant be made within 45 days, or as soon as practicable thereafter, of receipt of that information.

Existing law requires each person proposing to construct a thermal powerplant or electrical 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.

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.

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.

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.

Existing law, until July 1, 2025, provides that an agreement entered into for purposes of the above-described provisions does not require competitive bidding, or the review, consent, or approval of the Department of General Services or any other state department or agency and is not required to comply with certain contracting requirements.

This bill would extend that exemption until July 1, 2027.

(6) 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 require the Energy Commission to prepare a program EIR to analyze the development of a class or classes of facility for which the Energy Commission has received an application under a specific certification program, 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.

(7) Existing law generally requires an operator of a subsurface installation to become a member of, participate in, and share in the costs of, a regional notification center. Existing law requires a record of all notifications by an excavator or operator to the regional notification center to be maintained for a period of not less than 3 years and available for inspection, as specified. Existing law requires an operator to maintain certain records on subsurface

installations. Existing law establishes prescribed notification procedures for an excavator who discovers or damages a subsurface installation. Existing law requires a regional notification center to quarterly provide notification records to the California Underground Facilities Safe Excavation Board and to provide notifications of damage to the board within 5 business days of receipt at the regional notification center.

This bill would require a regional notification center to facilitate the exchange of planning and design information for infrastructure projects, as described, and would require operators to participate in this exchange, as provided. The bill would require a regional notification center, upon request, to notify a California Native American tribe of proposed excavations within the geographic area with which the tribe is traditionally and culturally affiliated. The bill would require the California Underground Facilities Safe Excavation Board to report to the Legislature on the advantages, barriers, and funding options for the development of an internet web-based planning and design platform for accomplishing the exchange of planning and design information and for allowing tribes to view plans for projects and to communicate with plan submitters.

(8) 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.

(9) 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, 2027, 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 an estimate of cost-per-avoided

ignition for each risk, or an explanation on why such a value could not be assigned to a particular risk, and require the presentation of certain cost-efficiency measures adopted by the PUC, as specified.

(10) 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 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, for a general rate case application filed on or after January 1, 2027, 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.

(11) 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.

(12) 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.

(13) 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.

(14) Existing law establishes the Wildfire Fund, administered by the Wildfire Fund Administrator, and continuously appropriates moneys in the fund to pay eligible claims, as defined, from participating electrical corporations arising from wildfires ignited on or after July 12, 2019, that are determined to be caused by the electrical corporation. Existing law requires each large electrical corporation, by certain dates, to notify the Public Utilities Commission of its election to participate in the fund by making a commitment to provide an initial contribution and annual contributions to the fund, as provided. Existing law authorizes large electrical corporations providing the notification and commitment (participating electrical corporations) to seek payment from the fund to satisfy settled and finally adjudicated eligible claims. Existing law authorizes a participating electrical corporation to file an application with the commission to recover costs and expenses arising from a wildfire ignited on or after July 12, 2019, that is caused by the electrical corporation that the commission determines to be just and reasonable. Existing law requires a participating electrical corporation, within 6 months of the commission's decision in the application for the recovery of costs and expenses arising from the wildfire, to reimburse the fund, as provided, for any payment of costs and expenses determined not to be just and reasonable. Existing law requires the commission to initiate a rulemaking proceeding to consider using its authority to require participating electrical corporations to collect a nonbypassable charge from their ratepayers to support the fund, including the payment of any bonds issued for the support of the fund, as provided. The bill would authorize the Department of Water Resources to issue bonds, in an aggregate amount up to \$10,000,000,000, as provided, to support the fund.

This bill would require the administrator, on or before April 1, 2026, to prepare and submit to the Legislature and to the Governor, a report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, across stakeholders, to complement or replace the fund, as specified.

This bill would create the Continuation Account within the fund, which is separate and distinct from moneys in the fund, to be administered by the administrator, and would continuously appropriate moneys in the account for purposes of payment of eligible claims arising from wildfires ignited on

or after the effective date of the bill, as provided, thereby making an appropriation. The bill would require each large electrical corporation, within 15 days of the effective date of the bill, to provide to the commission a written notification of its election to participate, or not to participate, in the account. The bill would specify that the election by participating electrical corporations to participate in the account constitutes an agreement of the large electrical corporations to certain matters, including a revision of how the large electrical corporations are required to reimburse the fund for any costs and expenses arising from a wildfire that are found not to be just and reasonable and limiting the obligation of the fund to provide payments for eligible claims arising from wildfires ignited on or before the effective date of the bill. The bill would require the commission, if all participating electrical corporations have provided their election to participate in the account, to provide the administrator and other entities notification of their elections. The bill would authorize the administrator, on or after the date the commission provides the notification, but not later than December 31, 2028, to determine if additional annual contributions are needed, and to provide notification of its determination to the commission and the department. The bill would require the commission, within 15 days of receiving the notification from the administrator, to initiate a rulemaking proceeding to consider using its authority to require the large electrical corporations to collect a nonbypassable charge from ratepayers to support the account, including the payment of any bond issued for the support of the account, as provided. The bill would authorize the department to issue bonds, in an aggregate amount up to \$9,000,000,000, as provided, to support the account. The bill would, if the commission imposes the nonbypassable charge to support the account, require the large electrical corporations, from calendar years 2029 to 2045, inclusive, to provide to the administrator their annual contributions, as specified, for deposit into the account. The bill would, if the administrator determines that an additional contribution of \$3,900,000,000 is needed to support the account, authorize the administrator to require the large electrical corporations to provide their proportionate share of that amount in equal installment payments over a 5-year period, as provided. The bill would authorize a large electrical corporation to seek payment from the account to satisfy settled or finally adjudicated eligible claims arising from wildfires ignited on or after the effective date of the bill, as provided. The bill would require the large electrical corporations, within 6 months of the commission's decision in the application for the recovery of costs and expenses arising from the wildfire, to reimburse the fund, as provided, for any payment of costs and expenses determined not to be just and reasonable. The bill would make the above provisions inoperative if one of the large electrical corporations elects not to participate in the account.

This bill would, except as provided, for an agreement by a property insurer to sell, assign, or transfer, in whole or in part, to a third-party entity, a right of subrogation, reimbursement, or recovery resulting from a wildfire that is ignited on or after the effective date of this act and that destroys 1,000 or

more structures, require the property insurer to first offer to settle that right, on the same terms and conditions as the proposed agreement, to a large electrical corporation, if any, that provides electrical service to the service area in which the wildfire ignited. The bill would require the large electrical corporation to accept or reject the offer or to reach agreement on mutually agreeable terms for the settlement of that right within 30 days of the property insurer making the offer. The bill would, except as provided, require the agreement and exchange of information, including the offer made and other documentation related to the offer, to be subject to a nondisclosure agreement and would prohibit the disclosure of that information. The bill would specify that the information provided to a public agency pursuant to law is not subject to public disclosure under the California Public Records Act or any other law.

(15) Existing law authorizes an electrical corporation to file an application requesting the commission to issue a financing order to authorize the recovery of certain costs and expenses, including those related to catastrophic wildfires, that are determined to be just and reasonable through the issuance of recovery bonds by the electrical corporations that are secured by a rate component, as provided.

This bill would, for a catastrophic wildfire that was ignited between January 1, 2025, and the effective date of the bill, authorize an electrical corporation, before filing an application for a determination of just and reasonableness of the settled or finally adjudicated claims associated with the catastrophic wildfire, to file an application for a determination that those claims cannot be paid by the fund and for the issuance of a financing order in the amount of those claims. The bill would require the commission to issue a financing order if it makes certain determinations, as provided. The bill would require a large electrical corporation, if it issues recovery bonds pursuant to the financing order, to file an application for a just and reasonableness determination for the costs and expenses included in the recovery bonds, as provided. The bill would authorize the commission to order a large electrical corporation to provide a credit to its ratepayers for any disallowed costs and expenses plus any cost and expense resulting from the inclusion of the disallowed costs and expenses in the recovery bonds.

Existing law, until December 31, 2035, authorizes the commission to issue the financing order. Existing law requires the commission to prohibit a large electrical corporation from including in its equity rate base its share for the first \$5,000,000,000 expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures, as provided, and authorizes those expenditures to be financed through the financing order.

This bill would, in addition to the amount of fire risk mitigation capital expenditure described above, require the commission to prohibit a large electrical corporation from including in its equity rate base its share of the first \$6,000,000,000 expended in aggregate by large electrical corporations on fire risk mitigation capital expenditures approved by the commission on or after January 1, 2026. The bill would authorize an electrical corporation's share of the fire risk mitigation capital expenditures and the debt financing

costs of these fire risk mitigation capital expenditures to be financed through a financing order, as specified. The bill would provide that these provisions do not apply to expenditures made after December 31, 2035.

(16) 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.

(17) Existing law requires the PUC to establish reasonable average and maximum target energization time periods, as defined, and a procedure for customers to report energization delays to the PUC, as provided. Existing law requires the PUC to require an electrical corporation to take remedial actions necessary to achieve the PUC's targets and would require all reports to be publicly available, among other reporting requirements.

This bill would require the PUC to evaluate and report to the Legislature on or before January 1, 2027, whether to require an electrical corporation to have an executive incentive compensation structure that includes incentive compensation based on meeting the above-described targets for all executive officers. The bill would require, on or before January 1, 2027, the commission to establish an enforcement policy for the those targets that include penalties for not complying with the remedial actions, as specified.

This bill would require the PUC to require each electrical corporation to retain an independent third-party auditor to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations. The bill would require the third-party auditor to review specified factors and to evaluate the electrical corporation's current and future energization performance and make recommendations as to whether the electrical corporation is adequately meeting and anticipating customer demand, adequately training and retaining an adequate workforce, and is funded at sufficient levels to meet forecasted demand growth. The bill would require the third-party auditor to report to the PUC on a biannual basis, as specified. The bill would authorize the PUC to require an electrical corporation to take remedial actions necessary to address deficiencies identified in the report provided by the third-party auditor or to achieve the above-described targets. The bill would repeal these provisions on January 1, 2032.

(18) Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the PUC is a crime.

Because certain of the above-described provisions would be part of the act and a violation of a PUC action implementing the above-described

provisions would be a crime, this bill would impose a state-mandated local program.

(19) 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.

(20) 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.

(21) This bill would declare that it is to take effect immediately as an urgency statute.

Appropriation: yes.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) Climate change is driving an increase in the frequency and severity of extreme weather events globally and in California, including heatwaves, droughts, flooding, and a significant increase in the incidence and severity of catastrophic wildfires. These extreme weather events impose profound risks to public health, natural resources, infrastructure, and California's economy.

(b) In California, wildfires have grown significantly more intense and destructive in recent years, with 15 of the 20 most destructive wildfires on record occurring in the last 10 years. The 2025 wildfire season is already surpassing previous years in acreage burned and destruction. As of July 15, 2025, 4,195 wildfires had burned 201,295 acres, dramatically higher than the five-year average of 116,218 acres by this point in the year. For comparison, as of July 15, 2024, 3,629 wildfires had burned 77,925 acres.

(c) The risk to life and property from catastrophic fires has been aggravated by historical land use policies that place more people and property in the wildland-urban interface (WUI). Simultaneously, climate change has dramatically increased the number of acres in California considered high fire risk areas. Under the Department of Forestry and Fire Protection's (CalFire's) recently updated fire hazard severity maps, 1,400,000 acres not previously classified as having high fire risk are now designated as high or very high fire hazard severity zones, reflecting the growing risk of wildfires across the state.

(d) Wildfire risk is destabilizing the homeowners' insurance market, increasing the number of California homeowners who are unable to obtain insurance from admitted carriers. In response, beginning in 2022, the Department of Insurance undertook a series of actions to promote fire resilience, including new regulations to provide incentives for homeowners

to harden homes and implement mitigation actions in their communities to reduce vulnerabilities to future wildfire losses.

(e) The risk of wildfires is also impacting utility rates. Utilities and their customers bear the immediate and long-term financial burden of infrastructure upgrades, wildfire prevention, and post-fire liabilities, driven in part by California's application of inverse condemnation, which holds utilities liable for all damage caused by their equipment regardless of fault.

(f) In recognition of the potential impacts of climate change on California, the state has taken bold steps relating to, and made significant investments in, mitigation and adaptation.

(g) California is a national leader in both mitigating climate change and adapting to its impacts. The state has adopted ambitious, enforceable goals for decarbonization and reducing reliance on fossil fuels, including enactment of the California Global Warming Solutions Act of 2006 (Division 25.5 (commencing with Section 38500) of the Health and Safety Code), which established the goal to reduce the statewide emissions of greenhouse gases to 1990 levels by 2020 and tasked the State Air Resources Board with developing a comprehensive plan to achieve this goal, and Section 454.53 of the Public Utilities Code to transition California's electrical grid to 100 percent eligible renewable energy and zero-carbon resources by December 31, 2045.

(h) California has empowered local governments to reduce hazards and vulnerability to wildfires, including authorizing climate resilience districts to address local climate adaptation priorities and creating model defensible space laws that can be readily applied in local jurisdictions, among other actions.

(i) California also has taken significant steps to reduce the incidence and severity of utility-sparked wildfires. In 2019, the Legislature enacted Chapters 79 and 81 of the Statutes of 2019, which imposed comprehensive safety and accountability requirements on investor-owned utilities to incentivize those utilities to prioritize safety, invest in wildfire mitigation, and improve accountability for their roles in preventing catastrophic wildfires in California.

(j) Among other safety and accountability requirements, the 2019 legislation did all of the following:

(1) Created the Office of Energy Infrastructure Safety with expertise to review and approve investor-owned utility wildfire mitigation plans and oversee mandated investor-owned utility safety requirements.

(2) Mandated electrical corporations to develop, and submit to the Office of Energy Infrastructure Safety for evaluation and approval, wildfire mitigation plans to minimize the risk of their electrical equipment causing wildfires.

(3) Required executive compensation of electrical corporations to be tied to annual safety performance to align leadership incentives toward robust safety outcomes and promote public safety.

(4) Mandated each electrical corporation to have a safety committee on their board of directors with relevant safety experience to strengthen governance and oversight of safety matters within the electrical corporation.

(5) Imposed board-level reporting by electrical corporations to the Public Utilities Commission on safety issues to promote transparency and accountability at the highest levels of management of the electrical corporations.

(6) Implemented an annual safety culture assessment for each electrical corporation, performed initially by the Wildfire Safety Division and currently by the Office of Energy Infrastructure Safety, to ensure ongoing evaluation and improvement of safety practices and behaviors.

(7) Increased the Public Utilities Commission’s authority to impose penalties on electrical corporations for safety violations.

(8) Established the Wildfire Fund to stabilize electrical corporations, protect customers from wildfire liabilities, and expeditiously compensate fire victims, and incentivized electrical corporations to obtain annual safety certifications in order to fully access the Wildfire Fund.

(k) Despite these efforts and investments, in January 2025, during a period of unprecedented drought and winds up to 100 miles per hour, the Eaton Fire in the communities of Altadena, Pasadena, and Sierra Madre, and the Palisades Fire in the Palisades community of the City of Los Angeles, unincorporated area of the County of Los Angeles, and the City of Malibu, erupted into urban conflagrations that took the lives of 12 people and destroyed more than 15,000 structures.

(l) Those January 2025 wildfires also created significant uncertainty regarding the adequacy of the Wildfire Fund to protect against electrical corporation bankruptcy risks and undermined confidence in the financial stability of the state’s electrical corporations. The prospect that electrical corporations and their customers could be required to bear, on an ongoing basis, losses of the magnitude of those wildfires is unsustainable.

(m) Any financial instability of the state’s electrical corporations threatens to increase costs to ratepayers, worsening utility bill affordability, delaying timely payment of utility-caused wildfire victims’ claims, and delaying and undermining infrastructure investments necessary to ensure timely customer energization and electric grid decarbonization.

(n) The Wildfire Fund’s durability is being further compromised by hedge funds and other speculators seeking to profit from the fund.

(o) The destabilization of the energy sector caused by these events is part of a much larger financial disruption California is experiencing from climate change. As the impacts of climate change become more devastating and unpredictable, the capacity to insure against them is eroding. Neither ratepayers nor utility shareholders can bear the magnitude of damages California experienced during the January 2025 wildfires. Likewise, insurance markets have been destabilized in California, and across the country as a result of the increasing scale and uncertainty of disasters. Home and auto insurance rates are increasing, and, in some areas, traditional insurance products are now completely unavailable.

(p) To address this emerging climate-fueled economic crisis, California must evaluate new models to equitably socialize risk that balance the state's goals of providing Californians with safe, affordable, and reliable energy, maintaining progress toward the state's climate goals, stabilizing the insurance markets to protect both insurance access and affordability, mitigating the incidence of and harm from wildfires and other disasters, and providing swift and fair compensation to those harmed.

(q) The comprehensive assessment set forth in this act should analyze and develop long-term reforms that protect access to insurance, reduce litigation costs, provide fair and expeditious compensation to claimants, support wildfire mitigation, safety, and community resilience, and ensure large electrical corporations are accountable for safety and also have the financial health to attract low-cost capital on behalf of ratepayers.

(r) As longer term solutions are developed, it is necessary to establish an interim framework to provide the Wildfire Fund with access to additional assets, if needed.

SEC. 2. Section 4216.1 of the Government Code is amended to read:

4216.1. (a) Every operator of a subsurface installation, except the Department of Transportation, shall become a member of, participate in, and share in the costs of, a regional notification center. Operators of subsurface installations who are members of, participate in, and share in, the costs of a regional notification center, including, but not limited to, the Underground Service Alert—Northern California or the Underground Service Alert—Southern California are in compliance with this section and Section 4216.9. A regional notification center shall not charge a fee to a person for notifying the regional notification center to obtain a ticket or to renew a ticket.

(b) (1) A regional notification center shall facilitate the exchange of planning and design information for infrastructure projects, including, but not limited to, electrical infrastructure undergrounding projects, and every operator, except the Department of Transportation, shall participate in this information exchange. The board shall determine through regulation the appropriate timelines and standard processes associated with this information exchange, the information required to be shared, and the format in which it shall be shared, and any requirements that excavators and operators are required to fulfill to accomplish this information exchange.

(2) To facilitate the expedient and efficient implementation of electrical infrastructure undergrounding projects, the board shall determine through regulation whether and under what circumstances an excavator is required to notify the regional notification center more than two working days before the legal excavation start date and time, if the excavator is submitting a volume of concurrent notifications in excess of the capacity of the operators in the area to complete their responsibilities under paragraph (1) of subdivision (a) of Section 4216.3 within the minimum legal excavation start date and time. The board shall not implement regulations that would do either of the following:

(A) Restrict the ability of the excavator to submit a notification pursuant to subdivision (b) of Section 4216.2.

(B) Restrict the ability of the excavator to submit notifications for emergency excavations.

(3) On or before July 1, 2027, the board shall adopt regulations implementing paragraphs (1) and (2).

(4) Before implementing procedures to implement this subdivision, a regional notification center shall submit its proposed procedures to the board for review and approval, including before implementing any substantive changes to these procedures. The board shall engage with affected stakeholder groups and allow for public comment before approving the procedures.

(5) For purposes of this subdivision, “electrical infrastructure undergrounding project” includes, but is not limited to, undergrounding projects in an electrical corporation’s or local publicly owned electric utility’s distribution undergrounding and wildfire mitigation plans submitted pursuant to Sections 8386, 8387, and 8388.5 of the Public Utilities Code.

(c) Upon request by a federally recognized or nonfederally recognized California Native American tribe, a regional notification center shall notify the tribe of proposed excavations pursuant to subdivision (b) of this section and pursuant to subdivision (b) of Section 4216.2 within the geographic area with which the tribe is traditionally and culturally affiliated.

(d) The board shall report to the Legislature, as part of the report filed pursuant to Section 4216.23, on the advantages, barriers, and funding options for the development of an internet web-based planning and design platform for accomplishing the communication processes identified in subdivision (b) and for allowing tribes to view plans for projects and to communicate with plan submitters.

SEC. 3. 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. 4. Section 12100.110 of the Government Code is amended to read:

12100.110. (a) The Energy Unit is hereby created within the Governor’s Office of Business and Economic Development.

(b) The Governor shall appoint a deputy director who shall have direct authority over the Energy Unit and serve at the pleasure of the Governor.

(c) The purpose of the Energy Unit is to accelerate the planning, financing, and execution of critical energy infrastructure projects that are necessary for the state to reach its climate, energy, and sustainability policy goals.

(d) The Energy Unit shall work with energy project developers and load-serving entities, as defined in Section 380 of the Public Utilities Code, to identify barriers to construction and development of critical energy infrastructure projects and to make recommendations to relevant state agencies and local governments on how to overcome those barriers.

(e) The Energy Unit shall create a working group that includes local and federal partners to address land use issues related to critical energy infrastructure projects.

(f) In organizing and managing the Energy Unit, the deputy director shall establish and implement a process to coordinate between the state’s climate and energy agencies in order to identify the critical energy infrastructure projects that will form the operational mandate of the Energy Unit.

(g) In operating the Energy Unit, the deputy director shall cooperate with local, regional, federal, and California public and private businesses and investors to eliminate barriers to the completion of critical energy infrastructure projects.

(h) The Energy Unit, in coordination with the Public Utilities Commission, the State Energy Resources Conservation and Development Commission, the Independent System Operator, the California Infrastructure and Economic Development Bank, and other agencies and external parties

as appropriate and necessary, shall establish a Transmission Infrastructure Accelerator to develop a financing and development strategy for eligible transmission projects to receive California Transmission Accelerator financing under Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7. The accelerator shall take the necessary steps within its purview to accelerate the development and deployment of those projects to maximize ratepayer savings.

(i) The Energy Unit's work shall complement, not conflict with, efforts by the state's climate and energy agencies.

(j) This section, and the Energy Unit's implementation of this section, does not change the regulatory authority of the state's climate and energy agencies.

(k) (1) On or before February 1 of each year, the Energy Unit shall annually submit a report to the relevant policy and fiscal committees of the Legislature that includes all of the following information:

(A) The infrastructure priorities identified for purposes of the prior calendar year.

(B) The constituencies coordinated with in order to advance those infrastructure priorities in the prior calendar year.

(C) The strategies implemented and steps taken to address barriers to and advance critical energy infrastructure projects in the prior calendar year.

(D) Any recommendations to the Legislature that would accelerate the Energy Unit's progress.

(2) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795.

SEC. 5. Section 12100.111 is added to the Government Code, to read:

12100.111. (a) The Transmission Infrastructure Accelerator established pursuant to Section 12100.110 shall coordinate, as soon as practicable after the effective date of this section but no later than December 31, 2026, the state's ongoing activities related to transmission planning and development, in order to minimize duplicative efforts and efficiently achieve the objectives of this section and Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7. The accelerator shall sequence its activities in identifying and developing eligible transmission projects in a manner consistent with the Independent System Operator's procedures and requirements and shall provide maximum transparency. Core objectives of the accelerator shall be to drive efficiencies in state transmission development efforts, coordinate existing workstreams to maximize effectiveness, and minimize duplicative activity across all relevant venues.

(b) The accelerator shall ensure that the accelerator projects meet the following criteria:

(1) Have at least one interconnection point within the Independent System Operator balancing authority area.

(2) The applicant or its affiliates have previously completed a transmission project in the state.

(3) Support new high voltage transmission facilities that are subject to the competitive solicitation process administered by the Independent System

Operator that are consistent with the state's reliability and greenhouse gas policy objectives.

(4) Reduce its cost recovery requests by the amount of savings achieved through tax credits received under Sections 17039 and 23036 of the Revenue and Taxation Code.

(5) Commit to requesting a revenue requirement at the Federal Energy Regulatory Commission that reflects only its actual capital structure and the actual cost of capital to minimize the costs collected through the transmission access charge.

(6) Financial considerations, as determined by the accelerator.

(7) Consistency with state policy as determined by the state agencies coordinating with the accelerator.

(c) The accelerator shall evaluate the results of the Independent System Operator's transmission planning process and shall select which accelerator projects have the opportunity to receive public financing using the California Transmission Accelerator Revolving Fund established under Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7. The selection of accelerator projects under this section shall happen within 60 days of the release of the Independent System Operator's Transmission Planning Process document that identifies competitive transmission projects.

(d) The accelerator shall maintain a list of qualified public entities interested in participating in eligible transmission projects.

(e) The accelerator shall continuously monitor project development performance and engage to support effective implementation using all appropriate powers and authorities available to the accelerator and coordinating agencies. These actions may include, but are not limited to, all of the following:

(1) Engaging local public and private actors relevant to project development success.

(2) Supporting efforts of the project applicant to secure necessary permits and other relevant authorities.

(3) Leveraging state incentives and supply chain facilitation services to ensure timely and cost-effective acquisition of physical components of the project.

(f) For purposes of this section, the definitions in Section 63049.71 shall apply.

SEC. 6. Section 12100.112 is added to the Government Code, to read:

12100.112. (a) The accelerator shall develop a public-private partnership plan to develop financing options that maximize debt financing to reduce overall capital costs and facilitate public-private partnership development of eligible transmission projects to achieve ratepayer savings.

(b) The plan shall do both of the following:

(1) Evaluate the role of the accelerator to identify and develop public-private partnerships and matching participating parties with public sponsors, including, but not limited to, the accelerator designating a public entity to support the implementation of eligible transmission projects under

Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7 before the Independent System Operator receives bids and determines the outcome of the competitive bidding process.

(2) Effectuate eligible transmission project development that is consistent with the Independent System Operator's procedures and requirements.

(c) The accelerator shall submit its public private partnership plan to the Legislature on or before July 1, 2027.

(d) For purposes of this section, the definitions in Section 63049.71 shall apply.

SEC. 7. Section 15472 of the Government Code is amended to read:

15472. For purposes of this part, all of 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. 8. 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. 9. 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 any 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. 10. 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. 11. 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. 12. Section 15475.4 of the Government Code is repealed.

SEC. 13. Section 15475.5 of the Government Code is repealed.

SEC. 14. 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) The 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. 15. Article 10.5 (commencing with Section 63049.71) is added to Chapter 2 of Division 1 of Title 6.7 of the Government Code, to read:

Article 10.5. California Transmission Accelerator Financing

63049.71. The following definitions contained in this section are in addition to the definitions contained in Section 63010 and together with the definitions contained in that section shall govern the construction of this article, unless the context requires otherwise:

(a) “Accelerator financing plan” means a report by the bank for accelerator projects identified in subdivision (e) of Section 63049.73. The

accelerator financing plan shall be based on the bank's direct consultation with the accelerator.

(b) "California Transmission Accelerator project" or "accelerator project" means any building, structure, equipment, infrastructure, or other improvement within this state, or financing the general needs, including working capital, of any participating party for operations or activities within this state that are consistent with, and intended to, develop transmission projects for the public benefit to further California's clean energy goals and to reduce or offset ratepayer costs.

(c) "California Transmission Accelerator Revolving Fund" or "Accelerator Revolving Fund" means any revolving fund by that name created under, and administered pursuant to, this article to provide financial assistance for eligible transmission projects.

(d) "California Transmission Accelerator Revolving Fund Program" or "Accelerator Revolving Fund Program" means the program authorized by this article to administer the California Transmission Accelerator Revolving Fund and to provide financial assistance for eligible transmission projects, to be administered by the bank pursuant to this article and any guidelines adopted by the accelerator.

(e) "Eligible transmission project" means a project as described in subdivision (f) of Section 63049.73, selected by the accelerator, and approved by the bank for financial assistance pursuant to subdivision (i) of Section 63049.73.

(f) "Funded without return on equity," as that term is used in Section 94510 of the Public Resources Code, means, solely for the portion of a project funded by the California Transmission Accelerator Revolving Fund provided by this article, that no return on equity shall be generated and distributed to shareholders.

(g) (1) "Participating party" has the same meaning as defined in Section 63010 and includes an eligible applicant, as that term is used in Chapter 1 (commencing with Section 90000) of Division 50 of the Public Resources Code.

(2) For purposes of providing financial assistance to projects related to Chapter 9 (commencing with Section 94500) of Division 50 of the Public Resources Code, the participating party shall be limited to eligible applicants as defined in Chapter 1 of Division 50 of the Public Resources Code.

(h) "Transmission Infrastructure Accelerator" or "accelerator" means the Transmission Infrastructure Accelerator established pursuant to Section 12100.110 of the Government Code.

63049.72. (a) The financing of projects related to Chapter 9 (commencing with Section 94500) of Division 50 of the Public Resources Code shall be deemed to be in the public interest and eligible for financing by the bank or by a special purpose trust established pursuant to this division. That financing shall be treated as financing of an economic development facility for purposes of this division, except that Article 3 (commencing with Section 63040) and Article 5 (commencing with Section 63043) shall not apply to any financing under this article. The bank shall consider an

eligible transmission project for financing upon filing of an application by an appropriate participating party following the selection of the project by the accelerator. The review may be concurrent with the Public Utilities Commission's processing of an application for the pertinent financing. Nothing in this division grants the bank authority over matters that are within the jurisdiction of the Public Utilities Commission.

(b) The bank may provide any form of financial assistance, including issuing bonds pursuant to Chapter 5 (commencing with Section 63070), and may loan the proceeds of those bonds, deposit the proceeds into a separate account in the California Transmission Accelerator Revolving Fund, or use the proceeds to refund bonds previously issued under this article. Bond proceeds may also be used to fund necessary reserves, capitalized interest, credit enhancement costs, or costs of issuance.

(c) Bonds issued under this article shall not be deemed to constitute a debt or liability of the state or of any political subdivision thereof or a pledge of the faith and credit of the state or of any political subdivision, other than the bank, but shall be payable solely from either or both the California Transmission Accelerator Revolving Fund or other revenues and assets securing the bonds. All bonds issued under this article shall contain on the face of the bonds a statement to that effect.

63049.73. (a) The bank is hereby authorized and empowered to provide financial assistance under the Accelerator Revolving Fund Program to any eligible participating party, either directly or to a lending or financial institution, in connection with the financing or refinancing of an accelerator project, in accordance with an agreement or agreements between the bank and the participating party, either as a sole lender or in participation or syndication with other lenders.

(b) Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 shall not apply to any accelerator financing plan or any guidelines adopted by the bank pursuant to subdivision (i) in connection with the Accelerator Revolving Fund Program.

(c) (1) Repayments of financing made under the Accelerator Revolving Fund Program shall be deposited into the appropriate account created within the Accelerator Revolving Fund.

(2) The bank may establish separate accounts for accelerator projects within the Accelerator Revolving Fund.

(d) (1) (A) The bank shall meet and confer with the accelerator for accelerator projects.

(B) (i) The bank shall respond to requests from the accelerator and collaborating agencies to evaluate and consult on the credit and financial aspects of eligible accelerator projects.

(ii) Final authority to provide financial support to an accelerator project shall reside with the accelerator, and the accelerator shall direct the bank, at its discretion, to effectuate approved financing in the form and at the terms the accelerator deems optimal, consistent with the objectives and requirements contained in Section 12100.111.

(2) Consultation on a potential transmission project shall not constitute approval of that project by the Public Utilities Commission or the State Energy Resources Conservation and Development Commission under their decisionmaking authority, to the extent that authority exists under other law.

(3) Consultation on, or evaluation of, a transmission project by the bank shall not indicate the bank's approval.

(e) The accelerator financing shall set forth conditions, including, but not limited to, the following:

(1) Priority shall be given to transmission projects with public sponsors partnering with private entities.

(2) Actions to maximum savings to ratepayers, as determined by the accelerator and its coordinating entities, by minimizing equity in the capital structure, minimizing return on equity, and reducing tax obligations through the use of public ownership structures, to the fullest extent possible, consistent with project risk and viability.

(3) Actions to collaborate with prospective participating parties to inform bid proposals for the Independent System Operator competitive solicitation process.

(f) All financial assistance under the Accelerator Revolving Fund Program approved by the bank board shall be consistent with the applicable accelerator financing plan then in effect, and may include the necessary technical cost elements of transmission infrastructure, including, but not limited to, environmental planning, permitting, and preconstruction costs for a project.

(g) The bank shall inform the Franchise Tax Board of any accelerator projects that are approved by bank for financial assistance pursuant to subdivision (h) and shall provide any other information the Franchise Tax Board requires for administration of the tax credits under Sections 17053.40 and 23640 of the Revenue and Taxation Code.

(h) (1) The bank shall prepare, and the bank board shall approve, guidelines for the provision of financial assistance under the Accelerator Revolving Fund Program for eligible transmission projects selected by the accelerator. The bank board's approval of any financial assistance for an accelerator project shall take into consideration those guidelines, together with the applicable accelerator financing plan currently in effect. The guidelines shall include, as factors for determining whether to approve the provision of financial assistance, the ability of the participating party potentially receiving financial assistance to satisfy any obligation incurred and the return of capital to the Accelerator Revolving Fund.

(2) The bank board may consider additional factors when determining whether to approve financial assistance for an accelerator project, taking into consideration the relevant accelerator financing plan.

(3) The bank shall consider applications for financial assistance by eligible transmission projects selected by the accelerator as they are received, on an ongoing basis, if there are available moneys remaining within the Accelerator Revolving Fund to provide that financial assistance. The bank board's determination of whether to approve applications for financial assistance

shall be based on the accelerator financing plan and the guidelines in effect at the time the bank received the application.

(4) A participating party shall comply with the terms and conditions that control the use of the funds provided, if any.

(i) The bank shall provide financial assistance only for an accelerator project that both the accelerator selected and the bank board has approved.

(j) The bank is hereby authorized to enter into an agreement with the accelerator to operate a program to provide financial assistance to any eligible participating party, either directly or to a lending or financial institution, in connection with the financing or refinancing of an eligible project, in accordance with the agreement or agreements. Information shared among consulting agencies and the bank, or between any consulting agency and the bank, shall not constitute the waiver of any exemption under the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1) applicable to each entity.

(k) (1) This section shall remain in effect only until January 1, 2031, and as of that date is repealed.

(2) Any project approved for financing by the Bank pursuant to this section before January 1, 2031, shall have its financing terms remain in force for the duration of the contract.

63049.74. (a) There is hereby created the California Transmission Accelerator Revolving Fund in the State Treasury for the purpose of providing financial assistance under the Accelerator Revolving Fund Program in accordance with this article.

(b) The Accelerator Revolving Fund shall be eligible to receive funding from other sources determined by the Legislature.

(c) Revenues of, and all other income collected by, participating entities to support the Accelerator Revolving Fund Program shall be deposited into the Accelerator Revolving Fund.

(d) Proceeds of revenue bonds issued pursuant to this division article shall be deposited into the Accelerator Revolving Fund.

(e) (1) Eligible entities may pledge any or all of the moneys in the Accelerator Revolving Fund as security for payment of the principal of, and interest on, any particular issuance of bonds issued for the purposes of this article.

(2) The bank may use any or all of the moneys in the Accelerator Revolving Fund to retain or purchase for retention or sale, subordinated bonds issued by the bank, by a special purpose trust, or by a sponsor, all in connection with the purposes of this article.

(f) (1) Notwithstanding Section 13340, moneys, except as provided in paragraphs (2) and (3), in the Accelerator Revolving Fund are continuously appropriated, without regard to fiscal year, for the support of eligible entities and shall be available for expenditure for the purposes as stated in this article.

(2) Moneys in the Accelerator Revolving Fund received pursuant to a federal appropriation are available for expenditure only upon appropriation by the Legislature.

(3) Moneys in the Accelerator Revolving Fund shall be available for expenditure to support administrative costs only upon appropriation by the Legislature.

SEC. 16. Section 63050 of the Government Code is amended to read:

63050. (a) There is hereby created in the State Treasury the California Infrastructure and Economic Development Bank Fund for the purpose of implementing the objectives and provisions of this division. Within the fund there shall also be established a Sponsor Revenue Bond Account, a Participating Party Revenue Bond Account, a State Infrastructure Revolving Account, and additional accounts and subaccounts that the bank may establish from time to time.

(b) Notwithstanding Section 13340 and except as provided in subdivisions (c) and (d), all moneys in the infrastructure bank fund are continuously appropriated without regard to fiscal years for the support of the bank and shall be available for expenditure for the purposes stated in this division.

(c) Moneys in the infrastructure bank fund shall be available for expenditure for general administration only upon appropriation by the Legislature. This subdivision shall not limit the authority of the bank to expend funds directly related to the servicing of approved debt. Moneys in the fund shall be available for the purpose of general administration of the authority only upon appropriation by the Legislature, but not more than 5 percent of any bond proceeds administered by the authority may be expended to cover the costs of issuance, as that terminology is defined under Section 147 (G) of the Internal Revenue Code.

(d) Moneys in the infrastructure bank fund shall be available for expenditure for California Transmission Accelerator financing under Article 10.5 (commencing with Section 63049.71) of Chapter 2 only upon appropriation by the Legislature.

(e) Notwithstanding any other provision of this division, not more than 15 percent of the financing annually approved by the executive director that utilizes state funds from the infrastructure bank fund may be expended upon educational facilities, environmental mitigation measures, and parks and recreational facilities.

(f) The executive director may transfer funds between the infrastructure bank fund and the guarantee trust fund when appropriate to accomplish the financing objectives of this division.

SEC. 17. 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 subdivision (b) of Section 25545, except for paragraph (4).

21159.32. (a) The Energy Commission shall prepare a program environmental impact report to analyze the development of a class or classes of facility for which the Energy Commission has received an application under the certification program established by Chapter 6.2 (commencing with Section 25545) of Division 15.

(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. 18. 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, 2030, 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. 19. 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, mitigated negative declaration, or negative declaration 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. 20. 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 missing information in the application before an application can be deemed complete. 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 missing information in response to additional

information provided by the applicant shall be made within 45 days, or as soon as practicable thereafter, of receipt of that information.

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

(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 missing information pursuant to subdivision (b).

(2) Immediately upon a written statement from the executive director accepting all missing information requested pursuant to subdivision (b), if the executive director requires the submission of missing information pursuant to subdivision (b).

(d) After the application is deemed complete, the executive director may request additional information from the applicant as follows:

(1) 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, mitigated negative declaration, or negative declaration for certification. The applicant shall provide to the commission the requested information within 30 days of receiving the request.

(2) If, at any time during the review of an application, the executive director determines that additional information is reasonably necessary to complete the staff assessment.

(3) The applicant shall provide to the commission the information requested pursuant to this subdivision within 30 days of receiving the request. Receipt of requested information by the commission beyond the 30-day due date may extend the 270-day period in paragraph (1) of subdivision (e) by a period equivalent to the delay.

(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, mitigated negative declaration, or negative declaration and to issue a certificate for the site and related facilities pursuant to this chapter.

(2) Notwithstanding paragraph (1), the time to certify the environmental impact report, mitigated negative declaration, or negative declaration 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, mitigated negative declaration, or negative declaration 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.

(F) The applicant files into the docket a written request that demonstrates a reasonable need for extending the time to certify the environmental impact report or issue a certificate for the site and related facilities pursuant to this chapter.

(3) Following the occurrence of any circumstance described in paragraph (2), the executive director may establish a new schedule for staff to complete its review of the application that extends the 270-day period in paragraph (1) by a period attributable to the employment of paragraph (2).

SEC. 21. 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, mitigated negative declaration, or negative declaration 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, mitigated negative declaration, or negative declaration.

SEC. 22. Section 25545.6 of the Public Resources Code is amended to read:

25545.6. Notwithstanding any other law, an application submitted pursuant to this chapter shall be reviewed by commission staff. The executive director shall prepare a recommendation for the commission's consideration at a publicly noticed meeting on whether to certify an environmental impact report, mitigated negative declaration, or negative declaration and issue a certificate for the site and related facilities pursuant to this chapter.

SEC. 23. Section 25545.7 of the Public Resources Code is amended to read:

25545.7. (a) The commission is the lead agency for purposes of the California Environmental Quality Act (Division 13 (commencing with Section 21000)) and, except as provided in this chapter, shall prepare an environmental impact report, mitigated negative declaration, or negative declaration pursuant to Division 13 (commencing with Section 21000).

(b) The regulatory program that implements this chapter is not a certified regulatory program under Section 21080.5.

(c) The commission may prepare an initial study pursuant to Section 15063 of Title 14 of the California Code of Regulations to help identify the significant effects of an action taken pursuant to this chapter.

SEC. 24. Section 25545.7.2 of the Public Resources Code is amended to read:

25545.7.2. The commission shall conduct public outreach to solicit input on an application to identify the range of actions, alternatives, mitigation measures, and significant effects to be analyzed in depth in the environmental impact report, mitigated negative declaration, or negative declaration as follows:

(a) Within three days after the application is deemed complete pursuant to Section 25545.4, the commission shall issue a notice of preparation, if applicable, pursuant to Section 15082 of Title 14 of the California Code of Regulations.

(b) (1) No sooner than 10 days and no later than 30 days after the application is deemed complete pursuant to Section 25545.4, the commission shall conduct a public informational meeting as close as practicable to the proposed site. The commission shall provide notice of the informational meeting at least 10 days before the meeting. The notice shall be sent electronically to all persons who have requested to receive a notice from the commission on action related to certification pursuant to this chapter and to all persons who the commission's executive director, in consultation with the public advisor of the commission, determines to be concerned with the application. The informational meeting shall provide all of the following:

(A) Information on the proposed site and related facility from the applicant and from commission staff.

(B) Information on how to participate in the commission's review of the application.

(C) A reasonable opportunity for the public to comment on the application.

(2) No sooner than 10 days after the application is deemed complete pursuant to Section 25545.4 and, if applicable, no later than 60 days after the issuance of the notice of availability pursuant to section 25545.7.6, the commission shall conduct a public workshop in the community nearest to the proposed site. The commission shall provide the notice in the same manner as required for the notice of the informational meeting pursuant to paragraph (1).

(3) Not later than 30 days after the issuance of the notice of preparation, the commission shall conduct a public scoping meeting pursuant to subdivision (c) of Section 15082 of Title 14 of the California Code of Regulations as close as practicable to the proposed site.

(c) The commission may conduct the informational meeting at the same time as the scoping meeting.

SEC. 25. Section 25545.7.6 of the Public Resources Code is amended to read:

25545.7.6. (a) No sooner than 30 days and no later than 60 days after the issuance of the notice of availability of the draft environmental impact report, mitigated negative declaration, or negative declaration, the commission shall hold at least one public meeting on the draft environmental

impact report, mitigated negative declaration, or negative declaration as close as practicable to the proposed site.

(b) Notwithstanding subdivision (a) of Section 21091, the public review and comment period for the draft environmental impact report, mitigated negative declaration, or negative declaration for an application shall be at least 60 days.

(c) No sooner than 30 days after the completion of the final environmental impact report, mitigated negative declaration, or negative declaration, the commission shall consider the certification of the environmental impact report, mitigated negative declaration, or negative declaration of the application at a public meeting.

(d) This chapter does not limit the commission from holding additional public meetings.

SEC. 26. 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, of Section 25523.

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

SEC. 27. 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.

SEC. 28. 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.

SEC. 29. Section 25545.12 of the Public Resources Code is amended to read:

25545.12. (a) Regulations adopted to implement this chapter, or any amendment to those regulations, shall be adopted by the commission in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations shall be considered by the Office of Administrative Law as an emergency, and necessary for the immediate preservation of the public peace, health, safety, and general welfare. Notwithstanding any other of law, the emergency regulations adopted to implement this chapter shall remain in effect until amended by the commission.

(b) (1) Notwithstanding any other law, until July 1, 2027, an agreement entered into for purposes of this chapter shall not require competitive bidding, or the review, consent, or approval of the Department of General Services or any other state department or agency and is not required to comply with the requirements of the State Contracting Manual, the Public Contract Code, or the personal services contracting requirements of Article 4 (commencing with Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of the Government Code.

(2) If the commission enters into an agreement with a local government pursuant to this subdivision, the commission may advance funds to the local government for purposes of the agreement.

SEC. 30. 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. 31. 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. 32. Section 719 is added to the Public Utilities Code, to read:

719. (a) For purposes of this section, terms used in this section shall have the same meaning as those terms are defined in Section 3280.

(b) On or before April 1, 2026, the administrator, in consultation with the commission, the Office of Energy Infrastructure Safety, the Department of Insurance, the Office of Emergency Services, and the Department of Forestry and Fire Protection, and with feedback solicited from stakeholders, including, but not limited to, ratepayer advocates, insurance policyholder advocates, electrical corporations, insurance companies, and claimant attorneys, shall prepare and submit to the Legislature, and to the Governor, a report that evaluates and sets forth recommendations on new models or approaches that mitigate damage, accelerate recovery, and responsibly and equitably allocate the burdens from natural catastrophes, including catastrophic wildfires, earthquakes, and other natural disasters, across stakeholders, including insurers, communities, homeowners, landowners, governments, electrical corporations, and local publicly owned electric utilities, to complement or replace the fund.

(c) The report shall include specific recommendations, including, but not limited to, on all of the following:

(1) Accessibility and affordability of property insurance in California in light of the accelerating costs of climate change-induced and other natural catastrophes.

(2) An evaluation of alternative structures to socialize risk of damage from natural catastrophes, including catastrophic wildfires, that most efficiently and expeditiously compensate those harmed while maintaining accessibility to property insurance and access to safe, affordable, and reliable energy for Californians.

(3) Additional mitigation measures and technology solutions to reduce the risk of ignition of wildfires and limit the spread of and damage from wildfires.

(4) Financing, insurance, and other mechanisms to expedite recovery for communities impacted by natural catastrophes, including wildfires, and to expedite compensation for property loss.

(5) Additional measures to benefit ratepayers through reducing costs caused by fiscal uncertainty while holding electrical corporations accountable for improving safety and reducing the risk of catastrophic wildfires.

(6) Options for enactment of a streamlined, low-cost mechanism to provide injured parties full compensation for damages resulting from wildfires.

(7) An analysis of the potential benefits and potential negative impacts on homeowners related to reasonable limitations on changes to recoveries in wildfire litigation arising from ignitions caused by electrical or gas utility infrastructure, including, but not limited to, restrictions on the recovery of attorney's fees, limitations on economic and noneconomic damages, including claims by insurers, limitations on public entity claims, limitations on claims by those outside the fire perimeter, and aggregate limitations on liability per event.

(8) Options for enactment of programs to reduce the risk of wildfires spreading and becoming high-severity catastrophes, including improved state and local catastrophic event response capability, home fire risk

reduction standards, vegetation management practices, and communitywide wildfire hardening requirements.

(9) Options for reducing the economic damage resulting from wildfires and potentially other catastrophic natural disasters, including minimum insurance requirements, mechanisms to ensure insurance rates appropriately account for home and community hardening measures taken, special assessments to support infrastructure investments and emergency response, and improved land use planning.

(10) Options for new models to complement or replace the fund, such as state-supported property insurance, or reinsurance, or both insurance and reinsurance, for wildfires and potential catastrophic natural disasters; a mutual wildfire insurance fund; a publicly supported financial safety net to enhance long-term resilience and utility and insurance rate affordability; and improvements to the fund to enhance its durability.

(d) The administrator may retain consultants, academic experts, and other professionals as may be necessary for the efficient preparation of the report pursuant to this section and may compensate those retained consultants, academic experts, and other professionals using the Wildfire Fund assets or account assets.

(e) (1) The report to be submitted pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

(2) Pursuant to Section 10231.5 of the Government Code, this section is repealed on January 1, 2030.

SEC. 33. 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 subdivision (e) of Section 8386.3 or subdivision (a) of Section 8386.10, 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) Notwithstanding paragraphs (1) and (2), for a catastrophic wildfire that was ignited between January 1, 2025, and the effective date of this paragraph, if a large electrical corporation has settled or finally adjudicated claims and the Wildfire Fund assets are exhausted, the electrical corporation, before filing an application for a just and reasonable determination pursuant to Section 451 or 451.1, may file an application requesting the commission to issue a financing order to authorize the costs and expenses of those settled and finally adjudicated claims that cannot be paid by the Wildfire Fund to be recovered through fixed recovery charges pursuant to this article. For purposes of this paragraph, “large electrical corporation” and “Wildfire Fund assets” have the same meanings as set forth in Section 3280.

(4) (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 electrical transmission or distribution facilities, whether those electrical 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 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.

SEC. 34. Section 850.1 of the Public Utilities Code is amended to read:

850.1. (a) If an electrical corporation files for recovery of recovery costs and the commission finds some or all of those costs and expenses to be just and reasonable pursuant to Section 451 or 451.1, as applicable, or the commission allocates to the ratepayers some or all of those costs and expenses pursuant to subdivision (c) of Section 451.2, 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.

(1) (A) (i) Except as provided in clause (ii), following application by an electrical corporation, the commission shall issue a financing order if the commission determines that both of the following conditions are satisfied:

(I) The recovery cost to be reimbursed from the recovery bonds have been found to be just and reasonable pursuant to Section 451 or 451.1, as applicable, or are allocated to the ratepayers pursuant to subdivision (c) of Section 451.2.

(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 an application satisfy all of the following conditions, as applicable:

- (ia) They are just and reasonable.
- (ib) They are consistent with the public interest.

(ic) 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.

(ii) (I) Notwithstanding clause (i), following application by an electrical corporation pursuant to paragraph (3) of subdivision (a) of Section 850, the commission shall issue a financing order if the commission makes a determination that the conditions set forth in subclause (II) of clause (i) are satisfied. The issuance of recovery bonds pursuant to this clause is deemed to be consistent with the public interest. However, the commission may authorize recovery through fixed recovery charges of less than the full amount sought in the application if the commission determines that the recovery of the full amount of costs and expenses through a financing order pursuant to this subclause would not be cost effective for ratepayers.

(II) If the commission subsequently determines any costs or expenses included in the recovery bonds authorized by a financing order issued pursuant to subclause (i) are not just and reasonable pursuant to Section 451 or 451.1, the commission shall order the electrical corporation to credit ratepayers the disallowed costs and expenses plus any costs and expenses resulting from the inclusion of the disallowed costs and expenses in the recovery bonds with the credit provided over a period that matches the remaining duration of the bonds.

(B) The electrical corporation may request the determination specified in subparagraph (A) by the commission in a separate proceeding or in 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, which may take the form of a resolution, if the commission determines that the amounts identified in the application are recovery costs.

(2) 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.

(3) An electrical corporation may exercise the same rights and remedies under its tariff and applicable law and regulation based upon a consumer's nonpayment of fixed recovery charges and any associated fixed recovery tax 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 December 31, 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 may be adopted only upon the application of the electrical corporation and 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 (i), 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, nothing in this subdivision shall 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, provided that 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) Neither financing orders nor recovery bonds issued under this article shall constitute a debt or liability of the state or of any political subdivision thereof, nor shall they 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. The electrical corporation shall file an application with the commission to implement any true-up adjustment.

(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 or Family Electric Rate Assistance programs discount pursuant to Section 739.1.

(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 do 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 27 (commencing with Section 80000) and Division 28 (commencing with Section 80500) 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.

SEC. 35. 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, for each large electrical corporation, as defined in Section 3280, the report required by Section 913 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. 36. Section 934 of the Public Utilities Code is amended to read:

934. (a) On or before September 30, 2024, the commission shall do both of the following:

(1) Establish reasonable average and maximum target energization time periods. The targets shall ensure that work is completed in a manner that minimizes delay in meeting the date requested by the customer to the greatest extent possible and prioritizes work in a manner consistent with Sections 932 and 933. The targets may vary depending on the complexity and magnitude of the work required and uncertainties regarding the readiness of the customer project needing energization. The targets may also recognize any factors beyond the electrical corporation's control.

(2) Establish a procedure for customers to report energization delays to the commission.

(b) If energization time periods exceed the commission's target averages or if an electrical corporation has a substantial number of energization projects that exceed the commission's target maximums, the electrical corporation shall include in its annual report a strategy for meeting the targets in the future. The commission may request modification of the electrical corporation's strategy to ensure the electrical corporation meets targets promptly and consistent with the policies set forth in Section 933.

(c) Each electrical corporation shall report anonymized or averaged data to the extent necessary to prevent identifying individual customers. The commission shall require all reports to be publicly available.

(d) The commission shall require an electrical corporation to take remedial actions necessary to achieve the targets established pursuant to paragraph (1) of subdivision (a).

(e) The commission shall periodically update the energization time periods established in paragraph (1) of subdivision (a) and the electrical corporation's annual reporting requirements to reflect changed circumstances, new information, and experience.

(f) The commission shall evaluate and report to the Legislature, in compliance with Section 9795 of the Government Code, on or before January 1, 2027, whether to require an electrical corporation to have an executive incentive compensation structure that includes incentive compensation based on meeting the targets adopted in paragraph (1) of subdivision (a) for all executive officers.

(g) On or before January 1, 2027, the commission shall establish an enforcement policy for the targets adopted in paragraph (1) of subdivision (a) that include penalties for not complying with the remedial actions required pursuant to subdivision (d).

SEC. 37. Section 940 is added to the Public Utilities Code, to read:

940. (a) The commission shall require each electrical corporation to retain an independent third-party auditor, which shall be selected by the commission based on nonbinding recommendations from the electrical

corporation, to review the electrical corporation's business practices and procedures for energizing new customers and how the electrical corporation is planning for demand growth, including new customer energizations.

(b) The third-party auditor shall review all of the following:

(1) The electrical corporation's customer energization requests for the previous three years.

(2) The electrical corporation's projections of customer demand growth included in the electrical corporation's distribution plan, including growth in new customers and growth in demand from existing customers.

(3) The electrical corporation's qualified staffing levels and future anticipated staffing needs to meet projections for customer demand growth, including the ability of the electrical corporation to sufficiently build its workforce.

(4) Funding requested by the electrical corporation to support energization requests for the previous three years in the general rate case or any other proceeding, and the efficacy of those previous requests in meeting customer demand.

(5) Commission authorized funding for the electrical corporation to support energization for the previous three years, future authorized funding, and authorized changes to the electrical corporation's business practices or structures to improve its ability to respond to changing customer demand.

(6) The electrical corporation's performance in meeting the reasonable average and maximum target energization time periods pursuant Section 934.

(7) Any other metrics deemed relevant by the commission or third-party auditor to support a thorough evaluation of the electrical corporation's energization performance, including to identify and correct past flaws and to identify future best practices.

(c) The third-party auditor shall evaluate the electrical corporation's current and future energization performance and make recommendations as to whether the electrical corporation is adequately meeting and anticipating customer demand, adequately training and retaining an adequate workforce, and is funded at sufficient levels to meet forecasted demand growth.

(d) The third-party auditor shall report to the commission on a biannual basis. The reports of the auditor shall be posted on the commission's internet website and reported to the appropriate policy committees of the Legislature.

(e) The commission may require an electrical corporation to take remedial actions necessary to address deficiencies identified in the report provided by the third-party auditor pursuant to subdivision (d), or to achieve the targets established pursuant to paragraph (1) of subdivision (a) of Section 934.

(f) For purposes of this section, "energization" means connecting customers to the electrical distribution grid and establishing adequate electrical distribution capacity or upgrading electrical distribution or transmission capacity to provide electrical service for a new customer, or to provide upgraded electrical service to an existing customer. The

determination of adequate electrical distribution capacity includes consideration of future load. “Energization” does not include activities related to connecting electrical supply resources.

(g) This section shall remain in effect only until January 1, 2032, and as of that date is repealed.

SEC. 38. Section 1701.8 of the Public Utilities Code is amended to read:

1701.8. (a) For purposes of this section, the following definitions apply:

(1) “Covered wildfire” means any wildfire ignited on or after July 12, 2019, for which either of the following is satisfied:

(A) The governmental agency responsible for determining causation or a court of competent jurisdiction determines the wildfire was caused by an electrical corporation.

(B) Asserted to have been caused by an electrical corporation and results in a court-approved dismissal resulting from the settlement of third-party damage claims.

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

(b) The following procedures and standards apply to a catastrophic wildfire proceeding:

(1) (A) An electrical corporation may file an application pursuant to Section 451 or 451.1, as applicable, at any time after it has paid, or entered into binding commitments to pay, all or, if authorized by the commission for good cause, substantially all third-party damage claims, including payments made pursuant to judgments or settlement agreements related to a covered wildfire. Except as authorized by the commission for good cause, before filing the application, the electrical corporation shall exhaust all rights to indemnification or other claims, contractual or otherwise, against any third parties, including collecting insurance proceeds, related to the covered wildfire.

(B) If an electrical corporation has received payments from the Wildfire Fund for a third-party damage claim for the covered wildfire, the electrical corporation shall file an application to recover the costs pursuant to subparagraph (A) no later than the earlier of the following:

(i) The date when it has resolved all third-party damage claims and exhausted all right to indemnification or other claims, contractual or otherwise, against any third parties, including collecting insurance proceeds, related to the covered wildfire.

(ii) The date that is 45 days after the date the administrator requests the electrical corporation to file the application.

(C) If an electrical corporation issues recovery bonds authorized pursuant to a financing order issued pursuant to subparagraph (B) of paragraph (1) of subdivision (a) of Section 850.1, the electrical corporation shall file an application pursuant to subparagraph (A) for a determination of the just and reasonableness of the costs and expenses included in the recovery bonds no later than the earlier of the following:

(i) The date when the electrical corporation has resolved all third-party damage claims and exhausted all rights to indemnification or other claims,

contractual or otherwise, against any third parties, including collecting insurance proceeds, related to the covered wildfire.

(ii) The date that is 45 days after the date the commission requests the electrical corporation to file the application.

(2) The president of the commission, upon the initiation of a catastrophic wildfire proceeding by the filing of an application pursuant to paragraph (1), shall assign a commissioner to act as the presiding officer in the proceeding and an administrative law judge to assist in conducting the proceeding.

(3) Within 15 days of the filing date of the application, the commission shall notice a prehearing conference, which shall be held within 25 days of the filing date.

(4) (A) Within 30 days of the filing date of the application, the assigned commissioner shall prepare and issue, by order or ruling, a scoping memorandum that states that the scope of the proceeding shall be whether the electrical corporation's costs and expenses for the covered wildfire are just and reasonable pursuant to Section 451 or 451.1, as applicable.

(B) The scoping memorandum shall establish a schedule for the proceeding, including the date of issuance of a proposed decision that is no later than 12 months after the filing date of the application.

(C) The assigned commissioner may extend the time established in the scoping memorandum for the date of issuance of a proposed decision by up to six months upon a showing of good cause.

SEC. 39. The heading of Part 6 (commencing with Section 3280) of Division 1 of the Public Utilities Code is amended to read:

PART 6. WILDFIRE

SEC. 40. Section 3280 of the Public Utilities Code is amended to read: 3280. For purposes of this part, all of the following definitions apply:

(a) "Account" means the Continuation Account created pursuant to Section 3298. This subdivision shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(b) "Account assets" means the sum of all moneys and invested assets held in the account, which shall include, without limitation, any loans or other investments made by the state to the account, all interest or other income from the investment of money held in the account, any other funds specifically designated for the account by applicable law, the proceeds of any special charge or continuation of existing charge allocated to and deposited into the account, reinsurance, and the proceeds of any bonds issued for the benefit of the account. This subdivision shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(c) "Administrator" means the Wildfire Fund Administrator appointed pursuant to Section 8899.72 of the Government Code.

(d) “Annual contribution” means either of the following:

(1) For purposes of Chapter 2 (commencing with Section 3281) and Chapter 3 (commencing with Section 3291), 10 installments totaling either of the following:

(A) For an electrical corporation that qualifies as a large electrical corporation at the end of the prior calendar year, an amount equal to three hundred million dollars (\$300,000,000) multiplied by the Wildfire Fund allocation metric.

(B) For an electrical corporation that qualifies as a regional electrical corporation at the end of the prior calendar year, an amount equal to twenty-five dollars (\$25) multiplied by the number of customer accounts serviced by the electrical corporation within the state at the end of that calendar year.

(2) For purposes of Chapter 4 (commencing with Section 3298) and Chapter 5 (commencing with Section 3299), for a large electrical corporation, the amount determined pursuant to Section 3299.3. This paragraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(e) “Council” means the California Catastrophe Response Council created pursuant to Section 8899.70 of the Government Code.

(f) (1) (A) For purposes of Chapter 2 (commencing with Section 3281) and Chapter 3 (commencing with Section 3291), “covered wildfire” has the same meaning as set forth in Section 1701.8. This subparagraph shall become inoperative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(B) For purposes of Chapter 2 (commencing with Section 3281) and Chapter 3 (commencing with Section 3291), “covered wildfire” means a wildfire ignited before the effective date of this subparagraph and that meets the requirements of subparagraph (A) or (B) of paragraph (1) of subdivision (a) of Section 1701.8. This subparagraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(2) For purposes of Chapter 4 (commencing with Section 3298) and Chapter 5 (commencing with Section 3299), “covered wildfire” means a wildfire ignited on or after the effective date of this paragraph and that meets the requirements of subparagraph (A) or (B) of paragraph (1) of subdivision (a) of Section 1701.8. This paragraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(g) “Electrical corporation” has the same meaning as set forth in Section 218.

(h) “Eligible claims” means claims for third-party damages against an electrical corporation resulting from covered wildfires exceeding the greater of (1) one billion dollars (\$1,000,000,000) in the aggregate in any year, or (2) the amount of the insurance coverage required to be in place for the electrical corporation pursuant to Section 3293 or 3299.4, as appropriate, measured by the amount of that excess.

- (i) “Fund” means the Wildfire Fund created pursuant to Section 3284.
- (j) “High fire-threat district” means areas identified as tier 2 (elevated) or tier 3 (extreme) fire risk on the fire-threat map maintained by the commission.
- (k) “Initial contribution” means either of the following:
 - (1) For a large electrical corporation, an amount equal to seven billion five hundred million dollars (\$7,500,000,000) multiplied by the Wildfire Fund allocation metric.
 - (2) For a regional electrical corporation, an amount equal to six hundred twenty-five dollars (\$625) multiplied by the number of customer accounts serviced by the electrical corporation within the state as of July 12, 2019.
- (l) “Insolvency proceeding” means a bankruptcy, insolvency, liquidation, reorganization, or similar proceeding brought pursuant to Title 11 of the United States Code.
- (m) “Large electrical corporation” means an electrical corporation with 250,000 or more customer accounts within the state.
- (n) “Participating electrical corporation” means an electrical corporation that satisfies the conditions to participate in the fund pursuant to Section 3291 or 3292, as applicable.
- (o) “Regional electrical corporation” means an electrical corporation with less than 250,000 customer accounts within the state.
- (p) “Wildfire Fund allocation metric” means, for each large electrical corporation, the arithmetic average of (1) the land area of the electrical corporation’s territory, measured in square miles, in the high fire-threat districts as a proportion of all large electrical corporations’ territory in the high fire-threat districts and (2) the electrical corporation’s line miles of transmission and distribution lines in the high fire-threat districts as a proportion of all large electrical corporations’ line miles of transmission and distribution lines in the high fire-threat districts. The large electrical corporations’ averages shall then be adjusted to account for risk mitigation efforts. This adjustment shall reduce the allocation to electrical corporations that have invested historically in mitigation efforts and those allocations shall be reallocated to the other electrical corporations based on their proportionate share resulting from the initial calculation above. The Wildfire Fund allocation metric shall be determined by the Director of Finance no later than July 17, 2019. It is the expectation of the Legislature that the Wildfire Fund allocation metric is 64.2 percent for Pacific Gas and Electric Company, 31.5 percent for Southern California Edison Company, and 4.3 percent for San Diego Gas and Electric Company. If a new electrical corporation that is a large electrical corporation is admitted to the Wildfire Fund, the administrator shall promptly determine and publish a revised Wildfire Fund allocation metric based on the factors set forth in this subdivision.
- (q) “Wildfire Fund assets” means the sum of all moneys and invested assets held in the fund, which shall include, without limitation, any loans or other investments made by the state to the fund, all interest or other income from the investment of money held in the fund, any other funds

specifically designated for the fund by applicable law, the proceeds of any special charge or continuation of existing charge allocated to and deposited into the fund, reinsurance, and the proceeds of any bonds issued for the benefit of the fund.

SEC. 41. Section 3283 of the Public Utilities Code is repealed.

SEC. 42. Section 3283 is added to the Public Utilities Code, to read:

3283. (a) The administrator shall prepare and submit to the council an annual report on the operations, financial condition, and activities of the fund and the account that includes, but is not limited to, all of the following:

- (1) The Wildfire Fund assets and the account assets.
- (2) Projections for the durability of the fund and the account.
- (3) Information on claims received and paid.
- (4) Summary of actions of the council or the administrator.
- (5) A plan for winding up the fund or the account if projections demonstrate that the Wildfire Fund assets or the account assets will be exhausted within the next three years.

(b) (1) Notwithstanding Section 10231.5 of the Government Code, upon approval of the council, the report shall be submitted no later than August 15 of each year to the appropriate policy committees of the Legislature.

(2) The report required by paragraph (1) shall be submitted in accordance with Section 9795 of the Government Code.

SEC. 43. Section 3287 of the Public Utilities Code is repealed.

SEC. 44. Section 3292 of the Public Utilities Code is amended to read:

3292. (a) If, no later than July 27, 2019, each large electrical corporation not subject to an insolvency proceeding on July 12, 2019, notifies the commission of its commitment to provide the initial contribution and the annual contributions, and subsequently provides its initial contribution as set forth in paragraph (3) of subdivision (b), the fund shall be established to pay eligible claims as set forth in subdivision (f) and obtain reimbursement from electrical corporations as set forth in subdivision (h).

(b) Except as provided in subdivision (d), to participate in the fund established pursuant to subdivision (a), an electrical corporation shall satisfy the following conditions by no later than June 30, 2020:

(1) The electrical corporation is not, and has not been since July 12, 2019, the subject of an insolvency proceeding or on criminal probation unless the electrical corporation meets the following conditions:

(A) The electrical corporation's insolvency proceeding has been resolved pursuant to a plan or similar document not subject to a stay.

(B) The bankruptcy court or a court of competent jurisdiction, in the insolvency proceeding, has determined that the resolution of the insolvency proceeding provides funding or establishes reserves for, provides for assumption of, or otherwise provides for satisfying any prepetition wildfire claims asserted against the electrical corporation in the insolvency proceeding in the amounts agreed upon in any pre-insolvency proceeding settlement agreements or any post-insolvency settlement agreements, authorized by the court through an estimation process or otherwise allowed by the court.

(C) The commission has approved the reorganization plan and other documents resolving the insolvency proceeding, including the electrical corporation's resulting governance structure as being acceptable in light of the electrical corporation's safety history, criminal probation, recent financial condition, and other factors deemed relevant by the commission.

(D) The commission has determined that the reorganization plan and other documents resolving the insolvency proceeding are (i) consistent with the state's climate goals as required pursuant to the California Renewables Portfolio Standard Program and related procurement requirements of the state and (ii) neutral, on average, to the ratepayers of the electrical corporation.

(E) The commission has determined that the reorganization plan and other documents resolving the insolvency proceeding recognize the contributions of ratepayers, if any, and compensate them accordingly through mechanisms approved by the commission, which may include sharing of value appreciation.

(2) For a regional electrical corporation, it has voluntarily established a charge required by the commission pursuant to Section 3289. This charge shall be included on monthly bills for customers. Collections on that charge shall be remitted, on a monthly basis, to the administrator for deposit into the fund.

(3) Except as provided in subdivision (e), the electrical corporation has provided its initial contribution to the fund no later than September 10, 2019. Initial contributions shall not be recovered from the ratepayers of an electrical corporation, except Golden State Energy.

(c) Each participating electrical corporation shall make its annual contribution by January 1 of each calendar year, including, without limitation, any annual contributions for calendar years in which the electrical corporation, or another electrical corporation to which the electrical corporation is the successor, was not a participating electrical corporation. Annual contributions shall not be recovered from the ratepayers of an electrical corporation, except Golden State Energy.

(d) (1) The administrator may, and in the case of Golden State Energy shall, authorize an electrical corporation that is formed after July 12, 2019, to participate in the fund if the administrator determines that the electrical corporation meets the requirements of this section. Authorization of an electrical corporation that is formed after July 12, 2019, shall be effective as of a date determined by the administrator and shall apply to covered wildfires after the date of authorization.

(2) If Golden State Energy is the successor to Pacific Gas and Electric Company and Pacific Gas and Electric Company made its initial contribution and, if applicable, annual contributions to the fund, the administrator shall not require Golden State Energy to commit to making, or make, its own initial contribution, or annual contributions for a period for which Pacific Gas and Electric Company already made its annual contributions, in order to participate in the fund and the administrator shall authorize Golden State Energy to participate in the fund if Golden State Energy, within 15 days of

closing of the acquisition of Pacific Gas and Electric Company, notifies the commission of its commitment to make annual contributions to the fund.

(e) An electrical corporation that is the subject of an insolvency proceeding on July 12, 2019, that wishes to participate in the fund shall (1) no later than July 27, 2019, provide written notification to the commission of its election to participate in the fund, and (2) no later than September 10, 2019, obtain approval from the bankruptcy court or a court of competent jurisdiction of its determination to pay, and approval of its payment of, the initial contribution and, as they become due, annual contributions to the fund, provided that the contributions shall not be due to the fund until the date the electrical corporation exits the insolvency proceeding. The electrical corporation shall not be entitled to seek payments from the fund pursuant to subdivision (f) until it has funded its initial contribution and has met the other conditions provided in subdivision (b). Participation of an electrical corporation that is the subject of an insolvency proceeding that satisfies the requirements of this subdivision shall be effective as of July 12, 2019, and shall apply to covered wildfires, provided that the fund shall not pay more than 40 percent of the allowed amount of a claim arising between July 12, 2019, and the date the electrical corporation exits bankruptcy, with the balance of those claims being addressed through the insolvency proceeding.

(f) (1) An electrical corporation meeting the applicable requirements of subdivision (b) may seek payment from the fund to satisfy settled or finally adjudicated eligible claims. Only eligible claims shall be made against or paid by the fund. In accordance with the procedures established by the administrator, the administrator shall review and approve any settlement of an eligible claim as being in the reasonable business judgment of the electrical corporation before releasing funds to the electrical corporation for payment. Settlements of subrogation claims that are less than or equal to 40 percent of total asserted claim value as determined by the administrator shall be paid unless the administrator finds that the exceptional facts and circumstances surrounding the underlying claim do not justify the electrical corporation's exercise of such business judgment. To the extent approved by the administrator, a settlement shall not be subject to further review by the commission.

(2) The administrator shall approve a settlement of an eligible claim that is a subrogation claim if the settlement exceeds 40 percent of the total asserted claim value, as determined by the administrator, and includes a full release of the balance of the asserted claim so long as the administrator finds that the electrical corporation exercised its reasonable business judgment in determining to settle for a higher percentage or on different terms based on a determination that the specific facts and circumstances surrounding the underlying claim justify a higher settlement percentage or different terms. A subrogation claim that is finally adjudicated shall be paid in the full judgment amount.

(g) Except for Golden State Energy, all initial and annual contributions shall be excluded from the measurement of the authorized capital structure.

(h) (1) Except as provided in paragraph (2), within six months after the commission adopts a decision in an application filed pursuant to Section 1701.8, the electrical corporation shall reimburse the fund for the full amount of costs and expenses the commission determined were disallowed pursuant to Section 1701.8.

(2) (A) The obligation of an electrical corporation to reimburse the fund shall be the lesser amount of subparagraph (B) or (C).

(B) The costs and expenses determined not to be just and reasonable pursuant to Section 1701.8.

(C) (i) (I) The amount determined pursuant to sub-subclause (ia) minus the amount determined pursuant to sub-subclause (ib).

(ia) (IA) Except as specified in sub-sub-subclause (IB), for each electrical corporation, 20 percent of the electrical corporation's total transmission and distribution equity rate base, including, but not limited to, its Federal Energy Regulatory Commission (FERC) assets, as determined by the administrator for the calendar year in which the disallowance occurred.

(IB) For Golden State Energy's first twelve months of participation in the fund, an amount equal to 20 percent of Pacific Gas and Electric Company's total transmission and distribution equity rate base, including, but not limited to, its Federal Energy Regulatory Commission assets, at the time of the closing of the acquisition of Pacific Gas and Electric Company, as determined by the commission. For Golden State Energy's subsequent years of participation in the fund, an amount determined by the commission that is equivalent to the amount specified in subclause (I) for electrical corporations with an equity rate base.

(ib) The sum of the amounts actually reimbursed to the fund for costs and expenses that were determined not to be just and reasonable pursuant to Section 1701.8 during the measurement period, added to the amount of any reimbursements to the fund owed by the electrical corporation for costs and expenses disallowed during the measurement period that have not yet been paid.

(II) For purposes of this clause, "measurement period" means the period of three consecutive calendar years ending on December 31 of the year in which the calculation is being performed.

(III) This clause shall become inoperative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(ii) (I) The amount determined pursuant to sub-subclause (ia) minus the amount determined pursuant to sub-subclause (ib).

(ia) Twenty percent of the electrical corporation's total transmission and distribution equity base, including, but not limited to, its Federal Energy Regulatory Commission (FERC) assets, as determined by the administrator for the calendar year in which the ignition of the covered wildfire occurred.

(ib) The sum of the amounts actually reimbursed to the fund for measurement costs that were determined not to be just and reasonable pursuant to Section 1701.8 added to the amount of any reimbursements to the fund owed by the electrical corporation for measurement costs disallowed that have not yet been paid.

(II) For purposes of this clause, “measurement costs” means costs and expenses that arose out of any covered wildfire ignited within three years of the ignition of the wildfire that is the subject to the application and any measurement costs as defined in subparagraph (C) of paragraph (2) of subdivision (b) of Section 3299.10.

(III) This clause shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

(D) The administrator shall publish calculations of the amounts determined pursuant to subparagraphs (B) and (C) on or before January 1 of each calendar year for each electrical corporation.

(E) Except as provided in paragraph (3), the electrical corporation shall not be required to reimburse the fund for any additional amounts in any three-calendar-year period.

(F) The limitation set forth in this section shall apply only so long as the fund has not been terminated pursuant to subdivision (i).

(3) Paragraph (2) does not apply under either of the following circumstances:

(A) If the administrator determines that the electrical corporation’s actions or inactions that resulted in the covered wildfire constituted conscious or willful disregard of the rights and safety of others.

(B) If the electrical corporation failed to maintain a valid safety certification on the date of the ignition.

(i) (1) The administrator shall, to the extent practicable, manage the fund to prioritize the use of electrical corporation contributions before the use of ratepayer contributions.

(2) The fund shall terminate when the administrator determines that the fund resources are exhausted, taking into account the amount of any unpaid liabilities including necessary reserves, any remaining unpaid annual contributions from participating electrical corporations, and the charges authorized pursuant to Section 3289. Upon the determination of the administrator that the fund shall be terminated, the administrator shall pay all remaining eligible claims and fund expenses, and liquidate any remaining assets. The remaining funds shall be transferred to the General Fund. It is the intent of the Legislature that any funds transferred to the General Fund pursuant to this paragraph shall be appropriated to support wildfire mitigation. Termination of the fund pursuant to this paragraph does not terminate the account within the fund, which shall continue until terminated pursuant to paragraph (2) of subdivision (d) of Section 3298.

(j) Notwithstanding subdivision (f), a regional electrical corporation’s access to the fund to pay eligible claims shall be limited to three times the sum of the regional electrical corporation’s initial contribution and any funded annual contributions per covered wildfire.

(k) (1) Each electrical corporation shall, upon determining that all of its claims, if any, for payment from the fund for a covered wildfire pursuant to subdivision (f) have been fully satisfied and that the large electrical corporation does not anticipate any further claims from a covered wildfire,

shall notify the administrator that its claims for payment from the fund for a covered wildfire are fully satisfied.

(2) Upon receipt of all notifications pursuant to paragraph (1), the administrator shall determine whether there is any outstanding obligation on the fund to provide a payment pursuant to subdivision (f) to a large electrical corporation for a covered wildfire or whether any large electrical corporation is likely to submit any additional claims from a covered wildfire. If the administrator reasonably determines that there are no outstanding obligations on the fund to provide payment for a covered wildfire and that no large electrical corporation is likely to submit any additional claims from a covered wildfire, the administrator shall transfer any remaining Wildfire Fund assets, including all contributions and reimbursements to the fund pursuant to subdivision (h) that are made after the operative date of this subdivision, into the account.

(3) This subdivision shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299.

SEC. 45. Chapter 4 (commencing with Section 3298) is added to Part 6 of Division 1 of the Public Utilities Code, to read:

CHAPTER 4. THE CONTINUATION ACCOUNT

3298. (a) There is hereby created the Continuation Account in the Wildfire Fund, which is hereby continued in existence, which is administered by the administrator. Moneys and invested assets in the account are separate and distinct from any moneys in the fund and shall be allocated solely for purposes of Chapter 5 (commencing with Section 3299).

(b) All of the following revenues shall be deposited into the account:

(1) The annual contribution and any additional contribution from a large electrical corporation pursuant to Section 3299.3.

(2) Revenues generated from the ratepayers of each large electrical corporation through a nonbypassable charge extended by the commission pursuant to Section 3299.2.

(3) Proceeds of bonds allocated to the account as provided in Section 80540 of the Water Code.

(c) Notwithstanding Section 13340 of the Government Code, the moneys in the account are continuously appropriated, without regard to fiscal years, to the administrator for purposes of Chapter 5 (commencing with Section 3299).

(d) (1) To the extent practicable, the administrator shall manage the account to prioritize the use of contributions from large electrical corporations before the use of contributions from ratepayers.

(2) The account shall terminate when the administrator determines that the resources are exhausted, taking into account the amount of any unpaid liability, including necessary reserves, any unpaid annual contributions and additional contributions from large electrical corporations, and the nonbypassable charge authorized pursuant to Section 3299.2. Upon the

determination of the administrator that the account shall be terminated, the administrator shall pay all remaining eligible claims and account expenses, and liquidate any remaining assets.

3298.1. The administrator shall carry out the duties of this part and may do all of the following, subject to the oversight of the council:

(a) Retain, employ, or contract with officers, experts, employees, accountants, actuaries, financial professionals, and other executives, advisers, consultants, attorneys, and professionals as may be necessary in the administrator's judgment for the efficient operation and administration of the account.

(b) Enter into contracts and other obligations relating to the operation, management, and administration of the account.

(c) Invest the moneys in the account in those securities eligible under Section 16430 of the Government Code.

(d) Review and approve claims and settlements, and provide funds to large electrical corporations for the purposes of paying eligible claims.

(e) Buy insurance or take other actions to maximize the claims-paying resources of the account.

(f) Pay costs, expenses, and other obligations of the account from account assets.

(g) Take any actions necessary to collect any amounts owing to the account from large electrical corporations.

(h) Undertake other activities related to the operation, management, and administration of the account, as approved by the council.

3298.2. There shall be a limited civil immunity, and no criminal liability in a private capacity, as a result of any act performed or omitted or obligation entered into in an official capacity, when done or omitted in good faith and without intent to defraud, on the part of the council, the administrator, or on the part of any officer, employee, or agent of the account. The State of California shall have no liability for payment of claims in excess of funds available pursuant to this part. The State of California, and any of the funds of the State of California, shall have no obligations whatsoever for payment of claims or costs arising from this part, except as specifically provided in this chapter.

3298.3. Upon the determination by the administrator that additional annual contributions are necessary pursuant to Section 3299.1, the council shall direct the administrator to prepare and present for approval a plan of operations related to the operations, management, and administration of the account on an annual basis. At least annually, the council shall direct the administrator to present the plan of operations to the appropriate policy committees of the Legislature. The plan of operations shall include, but not be limited to, reporting on the account assets, projections for the durability of the account, the success of the account, whether or not the account is serving its purpose, and a plan for winding up the account if projections demonstrate that the account will be exhausted within the next three years.

3298.4. The Director of Finance may, at any time, examine the books and records of the council and the administrator relating to the operation, management, and administration of the account.

3298.5. (a) On January 1 of the year following the date on which the administrator determines that additional annual contributions are necessary pursuant to Section 3299.1, and annually thereafter, the council, with the assistance of the administrator, shall prepare and file with the Legislature and the Department of Finance reports regarding the formation, administration, and disposition of the account.

(b) A report submitted to the Legislature pursuant to this section shall be submitted in compliance with Section 9795 of the Government Code.

3298.6. This chapter shall become inoperative if a large electrical corporation elects not to participate pursuant to Section 3299 and is repealed on January 1 of the year following the notification by the commission pursuant to subdivision (c) of Section 3299.

SEC. 46. Chapter 5 (commencing with Section 3299) is added to Part 6 of Division 1 of the Public Utilities Code, to read:

CHAPTER 5. OPERATION OF THE ACCOUNT

3299. (a) (1) (A) Within 15 days of the effective date of this chapter, each large electrical corporation shall provide to the commission a written notification of its election to participate, or not to participate, in the account and provide, if applicable, annual contributions and additional contributions pursuant to this chapter.

(B) A large electrical corporation's election to participate in the account shall be considered as its agreement to do all of the following:

(i) To authorize the administration of the account by the administrator pursuant to this chapter and Chapter 4 (commencing with Section 3298).

(ii) To provide an annual contribution pursuant to subdivision (a) of Section 3299.3 and any additional contributions pursuant to subdivision (b) of Section 3299.3.

(iii) To consent to the changes in the operation of the fund as provided in clause (ii) of subparagraph (C) of paragraph (2) of subdivision (h) of, and subdivision (k) of, Section 3292, as those provisions read on the effective date of this chapter.

(iv) To authorize the use of the Wildfire Fund assets and account assets for purposes of Section 719, as added by the measure adding this chapter.

(2) A large electrical corporation that fails to provide the notification pursuant to this subdivision is deemed to have elected not to participate in the account.

(b) If all large electrical corporations provide written notification to the commission of their election to participate in the account and their commitment to provide annual contributions and additional contributions pursuant to this chapter, the commission shall notify the administrator, the

Secretary of State, and the relevant policy committees of the Legislature of the election.

(c) If a notification provided pursuant to subdivision (a) indicates that a large electrical corporation has elected not to participate in the account, or if a large electrical corporation fails to provide the notification pursuant to subdivision (a), the commission shall provide notification of the nonparticipation to the administrator, Secretary of State, and the relevant policy committees of the Legislature and this chapter shall become inoperative on the date of the notification and is repealed on January 1 of the year following the notification.

3299.1. (a) On or after the date the commission provides the notification pursuant to subdivision (b) of Section 3299, but not later than December 31, 2028, the administrator may determine if additional annual contributions pursuant to subdivision (b) of Section 3299.3 are required for either of the following reasons:

(1) Absent additional annual contributions, the administrator would provide a plan for winding up the fund pursuant to Section 3283.

(2) The administrator receives a notification from a large electrical corporation that it has a reasonable belief that it likely will have eligible claims for a single coverage year resulting from one or more covered wildfires.

(b) If the administrator determines that additional contributions are required, the administrator shall provide notification to the commission, the Department of Water Resources, and each large electrical corporation of its determination.

3299.2. (a) Within 15 days of receiving the notification pursuant to Section 3299.1, the commission shall initiate a rulemaking proceeding to consider using its authority pursuant to Section 701 to require each large electrical corporation to collect a nonbypassable charge from ratepayers of each large electrical corporation to support the account, including the payment of bonds issued pursuant to paragraph (2) of subdivision (a) of Section 80540 of the Water Code, in an amount sufficient to fund the revenue requirement as established pursuant to Section 80524 of the Water Code.

(b) If the commission determines that the imposition of the charge described in subdivision (a) is just and reasonable, and that it is just and reasonable to exercise its authority pursuant to Section 701 to do so, the commission shall direct each large electrical corporation to impose and collect that charge commencing February 1, 2036. The charge shall be collected in the same manner as that for the payments made to reimburse the Department of Water Resources under paragraph (2) of subdivision (a) of Section 3289.

(c) Notwithstanding other law, no later than 90 days after the initiation of the rulemaking proceeding, the commission shall adopt a decision regarding the imposition of the charge.

(d) Notwithstanding Sections 455.5 and 1708, or any other law, the commission shall not revise, amend, or otherwise modify a decision to impose a charge imposed pursuant to this section before January 1, 2046.

3299.3. (a) (1) If the commission imposes a nonbypassable charge pursuant to Section 3299.2, each large electrical corporation shall provide to the administrator for deposit into the account its annual contribution, as determined pursuant to paragraph (2), by January 1 of each year from calendar year 2029 to 2045, inclusive, except, if the commission's decision to impose the nonbypassable charge was made on or after January 1, 2029, the annual contribution for calendar year 2029 shall be made within 90 days of the commission's decision.

(2) The aggregate total of the annual contributions from the large electrical corporations for each year shall be three hundred million dollars (\$300,000,000) and shall be allocated as follows:

(A) 47.85 percent for Pacific Gas and Electric Company.

(B) 47.85 percent for Southern California Edison Company.

(C) 4.30 percent for San Diego Gas and Electric Company.

(b) (1) In addition to subdivision (a), if the administrator determines that additional contributions from large electrical corporations are needed to enable the account to fund the timely payment of eligible claims due to the likelihood of exhaustion of revenues in the account, including the proceeds to bonds issued pursuant to Section 80540 of the Water Code, the administrator shall notify each large electrical corporation that additional contributions, with an aggregate total of three billion nine hundred million dollars (\$3,900,000,000), is required. The proportionate share of those additional contributions shall be allocated to large electrical corporations as described in paragraph (2) of subdivision (a) and each large electrical corporation shall pay its proportionate share of the additional contributions to the administrator in equal installments over a five-year period. Each large electrical corporation shall pay its proportionate share of the additional contributions within 120 days of the administrator notifying the large electrical corporation and on the anniversary of its first installment payment each year thereafter.

(2) If the administrator winds up and terminates the account before the final installment payment is paid pursuant to paragraph (1), the large electrical corporation shall provide one-half of the remaining unpaid installment payments pursuant to paragraph (1) as rate credits to its ratepayers.

(c) Contributions made pursuant to this section shall not be recovered from the ratepayers of a large electrical corporation and shall be excluded from the measurement of its authorized capital structure.

(d) If a large electrical corporation is required to reimburse the account in accordance with subdivision (b) of Section 3299.10, the large electrical corporation may reduce the amount required to be reimbursed by the amount of contributions it has paid pursuant to this section for which the large electrical corporation has not claimed a reduction pursuant to this subdivision.

3299.4. A large electrical corporation shall maintain reasonable insurance coverage. The administrator shall periodically review and make a recommendation as to the appropriate amount of insurance coverage

required, taking into account the availability of insurance, the large electrical corporation's service territory, including the fire risk of the territory, the size of the territory, and the value of the real estate in the territory, the safety record of the large electrical corporation, the wildfire mitigation measures implemented by the large electrical corporation, the impact to the ratepayers, and other factors deemed appropriate by the administrator.

3299.10. (a) A large electrical corporation may seek payment from the account to satisfy settled or finally adjudicated eligible claims. Only eligible claims shall be made against or paid by the account. In accordance with the procedures established by the administrator, the administrator shall review and approve any settlement of an eligible claim as being in the reasonable business judgment of the large electrical corporation before releasing funds to the large electrical corporation for payment. To the extent approved by the administrator, a settlement shall not be subject to further review by the commission.

(b) (1) Except as provided in paragraph (2), within six months of the commission adopting a decision for an application filed pursuant to Section 1701.8, a large electrical corporation shall reimburse the account for the full amount of costs and expenses the commission determined were disallowed pursuant to Section 1701.8.

(2) (A) The requirement on a large electrical corporation to reimburse the account shall be the lesser amount of subparagraph (B) or (C).

(B) The costs and expenses determined not to be just and reasonable pursuant to Section 1701.8.

(C) (i) The amount determined pursuant to clause (ii) minus the amount determined pursuant to clause (iii).

(ii) Twenty percent of the large electrical corporation's total transmission and distribution equity rate base, including, but not limited to, its Federal Energy Regulatory Commission (FERC) assets, as determined by the administrator for the calendar year in which the ignition of the covered wildfire occurred.

(iii) The sum of the amounts actually reimbursed to the account for measurement costs that were determined not to be just and reasonable pursuant to Section 1701.8 added to the amount of any reimbursements to the account owed by the large electrical corporation for measurement costs disallowed that have not yet been paid.

(iv) For purposes of this subparagraph, "measurement costs" means costs and expenses that arose out of any covered wildfire ignited within three years of the ignition of the wildfire that is the subject of the application and any measurement costs as defined in subparagraph (C) of paragraph (2) of subdivision (h) of Section 3292.

(D) The administrator shall publish calculations of the amounts determined pursuant to subparagraphs (B) and (C) on or before January 1 of each calendar year for each large electrical corporation.

(E) Except as provided in paragraph (3), a large electrical corporation shall not be required to reimburse the account for any additional amounts for any measurement period.

(F) The limitation set forth in this section shall apply only so long as the account has not been terminated pursuant to paragraph (2) of subdivision (d) of Section 3298.

(3) Paragraph (2) does not apply under either of the following circumstances:

(A) If the administrator determines that the large electrical corporation's actions or inactions that resulted in the covered wildfire constituted conscious or willful disregard of the rights and safety of others.

(B) If the large electrical corporation failed to maintain a valid safety certification on the date of the ignition.

3299.20. This chapter shall become inoperative if a large electrical corporation elects not to participate pursuant to Section 3299 and is repealed on January 1 of the year following a notification by the commission pursuant to subdivision (c) of Section 3299.

SEC. 47. Chapter 6 (commencing with Section 3299.100) is added to Part 6 of Division 1 of the Public Utilities Code, to read:

CHAPTER 6. RIGHT OF FIRST REFUSAL OF AN ELECTRICAL CORPORATION

3299.100. (a) For purposes of this section, "third-party entity" means an entity, other than a large electrical corporation, other insurer or reinsurer admitted to conduct the business of insurance in California or in compliance with Sections 1765.1 and 1765.2 of the Insurance Code, or a law firm or business retained by an insurer for the purpose of assisting with the pursuit of the property insurer's subrogation rights, that seeks to enter into an agreement with a property insurer.

(b) Any agreement entered into on or after the effective date of this chapter by a property insurer to sell, assign, or transfer, in whole or in part, to a third-party entity, a right of subrogation, reimbursement, or recovery, as applicable, including a right to recover attorney fees, resulting from a wildfire that is ignited on or after the effective date of this chapter and that destroys 1,000 or more structures is subject to all of the following:

(1) Before entering into an agreement with the third-party entity, the property insurer shall first offer to settle its right of subrogation, reimbursement, or recovery, as applicable, on the same terms and conditions as the proposed agreement, to the large electrical corporation, if any, that provides electrical service to the service area in which the wildfire ignited.

(2) Within 30 days of the property insurer making the offer to settle pursuant to paragraph (1), the large electrical corporation shall accept or reject the offer to settle or otherwise reach an agreement on mutually agreeable terms with the property insurer for the settlement of that right with the large electrical corporation.

(3) If the large electrical corporation accepts the property insurer's offer to settle, or otherwise reaches an agreement with the property insurer on mutually agreeable terms, the property insurer shall execute a release that will release the large electrical corporation from, and bar the property insurer

from bringing or pursuing, any lawsuit, claim, arbitration, or other legal action of any kind against the large electrical corporation for damages resulting from the applicable fire with respect to the rights sold, assigned, or transferred to the electrical corporation. The release shall not preclude actions to enforce the terms of the accepted offer or agreement between the electrical corporation and the property insurer.

(4) If the large electrical corporation rejects the offer made, or fails to reach an agreement within 30 days, pursuant to paragraph (2), the property insurer and the third-party entity may enter into an agreement for the sale, assignment, or transfer of the right under either of the following conditions:

(A) The agreement is on the same terms and conditions as the offer made to the large electrical corporation pursuant to paragraph (1).

(B) If the agreement is on different financial terms and conditions from the offer that was initially rejected by the large electrical corporation, the property insurer has first made an offer on those new terms and conditions to the large electrical corporation pursuant to paragraph (1), and the large electrical corporation has rejected that offer.

(5) An agreement for the sale, assignment, or transfer of the right described in this subdivision between a property insurer and a third-party entity that fails to conform to the requirements of this subdivision shall be void and unenforceable.

(c) (1) Any agreement and exchange of information, including the offers made or documentation or other evidence submitted for purposes of reviewing, approving, or denying offers and any acceptance or rejection of an offer made to or by a large electrical corporation, pursuant to subdivision (b) shall be subject to a nondisclosure agreement and shall not be disclosed unless any of the following applies:

(A) Disclosure shall be made to the administrator or a public agency to the extent required by law. Information disclosed pursuant to this subparagraph is not a public writing and shall not be subject to public disclosure pursuant to the California Public Records Act (Division 10 (commencing with Section 7920.000) of Title 1 of the Government Code) or any other law.

(B) For a property insurer, disclosure to a third-party insurer or reinsurer that is a party to a contract with the property insurer related to the right if the person or entity to whom disclosure is made agrees to the same nondisclosure terms.

(C) Internal disclosure as necessary for internal business purposes, including, but not limited to, underwriting if the person or entity to whom disclosure is made agrees to the same nondisclosure terms.

(2) Any agreement and exchange of information, including an offer made or documentation or other evidence submitted for purposes of reviewing, approving, or denying offers and any acceptance or rejection of an offer made to an electrical corporation, pursuant to subdivision (b) shall not be admissible, and shall not be used, subject to discovery or compulsion, in any proceeding, including civil litigation, except for a judicial or administrative proceeding involving either of the following:

(A) An action to enforce the agreement following a breach of the agreement between the large electrical corporation and the property insurer entered into pursuant to this section.

(B) A violation of this section.

(d) An agreement between a property insurer and a third party entity shall not provide for financial participation by the third-party entity in an agreement entered into between the property insurer and a large electrical corporation pursuant to subdivision (b).

(e) A nondisclosure agreement between a property insurer and a third-party entity prohibiting the disclosure of the terms and conditions of an offer for an agreement subject to this section shall not prohibit the disclosure of those terms and conditions to the large electrical corporation as required pursuant to paragraph (1) of subdivision (b). A large electrical corporation to which those terms and conditions are disclosed shall not disclose that information to any third-party that is not subject to the nondisclosure agreement.

(f) This section does not apply to a California domestic insurer if its annual property line direct written premiums are less than three hundred million dollars (\$300,000,000).

SEC. 48. Section 3310 of the Public Utilities Code is amended to read:

3310. The authority may only exercise its powers pursuant to Article 4 (commencing with Section 3340) of Chapter 3 for the following purposes:

(a) Establish, finance, purchase, lease, own, operate, acquire, or construct generating facilities and other projects and enterprises, on its own or through agreements with public and private third parties or joint ventures with public or private entities, or provide financial assistance for projects or programs by participating parties, to supplement private and public sector power supplies, taking into account generation facilities in operation or under development as of August 13, 2001, and to ensure a sufficient and reliable supply of electricity for California's consumers at just and reasonable rates.

(b) Sponsor, finance, purchase, lease, own, operate, acquire, or construct an eligible transmission project, as defined in Section 63049.71 of the Government Code.

(c) Finance programs, administered by the Energy Commission, the commission, and other approved participating parties for consumers and businesses to invest in cost-effective energy efficient appliances, renewable energy projects, and other programs that will reduce the demand for energy in California.

(d) Finance natural gas transportation and storage projects under Article 7 (commencing with Section 3368) of Chapter 3.

(e) Achieve an adequate energy reserve capacity in California within five years of August 13, 2001.

(f) Provide financing for owners of aged, inefficient, electric powerplants to perform necessary retrofits to improve the efficiency and environmental performances of those powerplants.

SEC. 49. Section 3380.1 of the Public Utilities Code is amended to read:

3380.1. For purposes of this division, the authority may incur indebtedness and issue securities of any kind or class, at public or private sale by the Treasurer, and to renew the same, if all such indebtedness, howsoever evidenced, shall be payable solely from revenues.

SEC. 50. Section 3380.2 of the Public Utilities Code is amended to read:

3380.2. In connection with the issuance of bonds, in addition to the powers otherwise provided in this division, the authority may do all of the following:

(a) Issue, from time to time, bonds payable from and secured by a pledge of all or any part of the revenues in order to finance the activities authorized by this division, including, without limitation, an enterprise or multiple enterprises, a single project for a single participating party, a series of projects for a single participating party, a single project for several participating parties, or several projects for several participating parties, and to sell those bonds at public or private sale by the Treasurer, in the form and on those terms and conditions as the Treasurer, as agent for sale, shall approve.

(b) Pledge all or any part of the revenues to secure bonds and any repayment or reimbursement obligations of the authority to any provider of insurance or a guarantee of liquidity or credit facility entered into to provide for the payment or debt service on any bond.

(c) Employ and compensate bond counsel, financial consultants, underwriters, and other advisers determined necessary and appointed by the Treasurer in connection with the issuance and sale of any bond.

(d) Issue bonds to refund or purchase or otherwise acquire bonds on terms and conditions as the Treasurer, as agent for sale, shall approve.

(e) Perform all acts that relate to the function and purpose of the authority under this division, whether or not specifically designated in this chapter.

(f) Seek financial assistance from any entity eligible to access the California Transmission Accelerator Revolving Fund pursuant to Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7 of the Government Code.

SEC. 51. Section 3384 of the Public Utilities Code is repealed.

SEC. 52. Section 8385 of the Public Utilities Code is amended to read:

8385. (a) For purposes of this chapter, all of 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.

(b) Beginning July 1, 2021, the office shall supervise an electrical corporation’s compliance 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, or local publicly owned electric utility.

SEC. 53. 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 mitigation 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 subsequent comprehensive wildfire mitigation plans, which may allow for the staggering of evaluation and performance periods for each electrical corporation.

(c) (1) Beginning January 1, 2027, 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 Application 15-05-002 or Rulemaking 20-07-013,

or subsequent safety model assessment 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.

(D) An estimate of cost-per-avoided ignition for each risk, or an explanation on why such a value could not be assigned to a particular risk.

(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 consistently 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 the office's 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. 54. 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. 55. 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. 56. 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) This section does not impose any liability on the office regarding the performance of its duties.

(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 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.

SEC. 57. 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 filed after January 1, 2027, all of the following 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. 58. 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. 59. Section 8386.10 is added to the Public Utilities Code, to read:

8386.10. (a) 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 six billion dollars (\$6,000,000,000) that the large electrical corporations collectively first expend on fire risk mitigation capital expenditures approved by the commission on or after January 1, 2026. These amounts are in addition to the amounts the large electrical corporations shall not include in their equity rate base pursuant to subdivision (e) of Section 8386.3. 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.

(b) Subdivision (a) does not apply to an expenditure made after December 31, 2035.

SEC. 60. 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. 61. 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 shut off, 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 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 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. 62. 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. 63. Section 17039 of the Revenue and Taxation Code is amended to read:

17039. (a) Notwithstanding any provision in this part to the contrary, for the purposes of computing tax credits, the term "net tax" means the tax imposed under either Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to lump-sum distributions) less the credits allowed by Section 17054 (relating to personal exemption credits) and any amount imposed under paragraph (1) of subdivision (d) and paragraph (1) of subdivision (e) of Section 17560. Notwithstanding the preceding sentence, the "net tax" shall not be less than the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions), if any. Credits shall be allowed against "net tax" in the following order:

(1) Credits that do not contain carryover or refundable provisions, except those described in paragraphs (4) and (5).

(2) Credits that contain carryover provisions but do not contain refundable provisions, except for those that are allowed to reduce "net tax" below the tentative minimum tax, as defined by Section 17062.

(3) Credits that contain both carryover and refundable provisions, except the credit described in paragraph (9).

(4) The minimum tax credit allowed by Section 17063 (relating to the alternative minimum tax).

(5) (A) For taxable years beginning on or after January 1, 2002, and before January 1, 2022, credits that are allowed to reduce "net tax" below the tentative minimum tax, as defined by Section 17062.

(B) For taxable years beginning on or after January 1, 2022, credits that are allowed to reduce "net tax" below the tentative minimum tax, as defined by Section 17062, except the credit described in paragraph (7) and the credit described in paragraph (9).

(6) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(7) For taxable years beginning on or after January 1, 2022, the credit allowed by Section 17052.10 (relating to the elective tax under the Small Business Relief Act).

(8) For taxable years beginning on or after January 1, 2026, the credit allowed by Section 17052.11 (relating to the elective tax under the Small Business Relief Act).

(9) Credits that contain refundable provisions but do not contain carryover provisions.

(10) For taxable years beginning on or after January 1, 2025, the credit allowed by Section 17053.98.1.

(11) For taxable years beginning on or after January 1, 2027, the credit allowed by Section 17039.5.

(12) The credits provided by Sections 17061 (relating to refunds pursuant to the Unemployment Insurance Code) and 19002 (relating to tax withholding).

(b) The order within each paragraph of subdivision (a) shall be determined by the Franchise Tax Board.

(c) (1) Notwithstanding any other provision of this part, no tax credit shall reduce the tax imposed under Section 17041 or 17048 plus the tax imposed under Section 17504 (relating to the separate tax on lump-sum distributions) below the tentative minimum tax, as defined by Section 17062, except the following credits:

(A) The credit allowed by former Section 17052.2 (relating to teacher retention tax credit, repealed on August 24, 2007).

(B) The credit allowed by former Section 17052.4 (relating to solar energy, repealed on December 1, 1989).

(C) The credit allowed by former Section 17052.5 (relating to solar energy, repealed on January 1, 1987).

(D) The credit allowed by former Section 17052.5 (relating to solar energy, repealed on December 1, 1994).

(E) The credit allowed by Section 17052.12 (relating to research expenses).

(F) The credit allowed by former Section 17052.13 (relating to sales and use tax credit, repealed on January 1, 1997).

(G) The credit allowed by former Section 17052.15 (relating to Los Angeles Revitalization Zone sales tax credit, repealed on December 1, 1998).

(H) The credit allowed by Section 17052.25 (relating to the adoption costs credit).

(I) The credit allowed by Section 17053.5 (relating to the renter's credit).

(J) The credit allowed by former Section 17053.8 (relating to enterprise zone hiring credit, repealed on October 3, 1997).

(K) The credit allowed by former Section 17053.10 (relating to Los Angeles Revitalization Zone hiring credit, repealed on December 1, 1998).

(L) The credit allowed by former Section 17053.11 (relating to program area hiring credit, repealed on January 1, 1997).

(M) For each taxable year beginning on or after January 1, 1994, the credit allowed by former Section 17053.17 (relating to Los Angeles Revitalization Zone hiring credit, repealed on December 1, 1998).

(N) The credit allowed by former Section 17053.33 (relating to targeted tax area sales or use tax credit, repealed on December 1, 2015).

(O) The credit allowed by former Section 17053.34 (relating to targeted tax area hiring credit, repealed on December 1, 2019).

(P) The credit allowed by former Section 17053.49 (relating to qualified property, repealed on January 1, 2004).

(Q) The credit allowed by former Section 17053.70 (relating to enterprise zone sales or use tax credit, repealed on December 1, 2015).

(R) The credit allowed by former Section 17053.74 (relating to enterprise zone hiring credit, repealed on December 1, 2019).

(S) The credit allowed by Section 17054 (relating to credits for personal exemption).

(T) The credit allowed by Section 17054.5 (relating to the credits for a qualified joint custody head of household and a qualified taxpayer with a dependent parent).

(U) The credit allowed by Section 17054.7 (relating to the credit for a senior head of household).

(V) The credit allowed by former Section 17057 (relating to clinical testing expenses, repealed on December 1, 1993).

(W) The credit allowed by Section 17058 (relating to low-income housing).

(X) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 17059.2 (relating to GO-Biz California Competes Credit).

(Y) The credit allowed by Section 17061 (relating to refunds pursuant to the Unemployment Insurance Code).

(Z) Credits for taxes paid to other states allowed by Chapter 12 (commencing with Section 18001).

(AA) The credit allowed by Section 19002 (relating to tax withholding).

(AB) For taxable years beginning on or after January 1, 2014, the credit allowed by former Section 17053.86 (relating to the College Access Tax Credit Fund, repealed on December 1, 2017).

(AC) For taxable years beginning on or after January 1, 2017, the credit allowed by Section 17053.87 (relating to the College Access Tax Credit Fund).

(AD) For taxable years beginning on or after January 1, 2021, the credit allowed by Section 17052.10 (relating to the elective tax under the Small Business Relief Act).

(AE) For taxable years beginning on or after January 1, 2020, the credit allowed by Section 17053.98 (relating to the California Motion Picture and Television Production Credit).

(AF) For taxable years beginning on or after January 1, 2025, the credit allowed by Section 17053.98.1 (relating to the California Motion Picture and Television Production Credit).

(AG) For taxable years beginning on or after January 1, 2027, the credit allowed by Section 17039.5.

(AH) For taxable years beginning on or after January 1, 2026, the credit allowed by Section 17052.11 (relating to the elective tax under the Small Business Relief Act).

(AI) For taxable years beginning on or after January 1, 2026, and before January 1, 2036, the credit allowed by Section 17053.40 (relating to eligible transmission projects).

(2) Any credit that is partially or totally denied under paragraph (1) shall be allowed to be carried over and applied to the net tax in succeeding taxable years, if the provisions relating to that credit include a provision to allow a carryover when that credit exceeds the net tax.

(d) Unless otherwise provided, any remaining carryover of a credit allowed by a section that has been repealed or made inoperative shall continue to be allowed to be carried over under the provisions of that section as it read immediately before being repealed or becoming inoperative.

(e) (1) Unless otherwise provided, if two or more taxpayers (other than spouses) share in costs that would be eligible for a tax credit allowed under this part, each taxpayer shall be eligible to receive the tax credit in proportion to the taxpayer's respective share of the costs paid or incurred.

(2) In the case of a partnership, the credit shall be allocated among the partners pursuant to a written partnership agreement in accordance with Section 704 of the Internal Revenue Code, relating to partner's distributive share.

(3) In the case of spouses who file separate returns, the credit may be taken by either or equally divided between them.

(f) Unless otherwise provided, in the case of a partnership, any credit allowed by this part shall be computed at the partnership level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit shall be applied to the partnership and to each partner.

(g) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any taxable year attributable to the disregarded business entity shall be limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer's "net tax," as defined in subdivision (a), for the taxable year shall be limited to an amount equal to the excess of the taxpayer's regular tax (as defined in Section 17062), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to that disregarded business entity. A credit shall not be allowed if the taxpayer's regular tax (as defined in Section 17062), determined by including the income attributable to the disregarded business entity, is less than the taxpayer's regular tax (as defined in Section 17062), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any taxable

year, the excess amount may be carried over to subsequent taxable years pursuant to subdivisions (c) and (d).

(h) (1) Unless otherwise specifically provided, in the case of a taxpayer that is a partner or shareholder of an eligible pass-thru entity described in paragraph (2), any credit passed through to the taxpayer in the taxpayer's first taxable year beginning on or after the date the credit is no longer operative may be claimed by the taxpayer in that taxable year, notwithstanding the repeal of the statute authorizing the credit before the close of that taxable year.

(2) For purposes of this subdivision, "eligible pass-thru entity" means any partnership or "S" corporation that files its return on a fiscal year basis pursuant to Section 18566, and that is entitled to a credit pursuant to this part for the taxable year that begins during the last year the credit is operative.

(3) This subdivision applies to credits that become inoperative on or after January 1, 2002.

(i) The amendments made to this section by Chapter 3 of the Statutes of 2022 shall apply as follows:

(1) The amendments to subdivisions (a), (e), and (h) shall be operative for taxable years beginning on or after January 1, 2022.

(2) The amendments to subdivision (c) shall be operative for taxable years beginning on or after January 1, 2021.

(j) The amendments made to this section by Chapter 56 of the Statutes of 2023 shall apply as follows:

(1) The amendments to paragraphs (3), (5), and (9) of subdivision (a) shall be operative for taxable years beginning on or after January 1, 2025.

(2) The amendments to subparagraph (AE) of paragraph (1) of subdivision (c) shall be operative for taxable years beginning on or after January 1, 2020.

(3) The amendments to subparagraph (AF) of paragraph (1) of subdivision (c) shall be operative for taxable years beginning on or after January 1, 2025.

SEC. 64. Section 17053.40 is added to the Revenue and Taxation Code, to read:

17053.40. (a) For taxable years beginning on or after January 1, 2026, and before January 1, 2036, there shall be allowed to qualified taxpayer, a credit against the "net tax," as defined in Section 17039, in an amount equal to 20 percent of the qualified expenditures paid or incurred by the qualified taxpayer during the taxable year, not to exceed twenty million dollars (\$20,000,000) per qualified taxpayer per taxable year.

(b) For purposes of this section:

(1) "Bank" means the California Infrastructure and Economic Development Bank established under Chapter 2 (commencing with Section 63021) of Division 1 of Title 6.7 of the Government Code.

(2) "Eligible transmission project" has the same meaning as defined in Section 63049.73 of the Government Code.

(3) “Qualified expenditures” means costs paid or incurred for planning, design, engineering, permitting, construction, and equipment directly related to the eligible transmission project or qualified wages paid or incurred to employees of a qualified taxpayer that perform services directly related to the eligible transmission project.

(4) “Qualified taxpayer” means a taxpayer that is a participating party, as defined in subdivision (h) of section 63049.71 of the Government Code.

(5) “Qualified wages” means wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code.

(c) In the case where the credit allowed by this section exceeds the “net tax,” the excess may be carried over to reduce the “net tax” in the following taxable year, and succeeding seven years if necessary, until the credit is exhausted.

(d) If the credit allowed by this section is claimed by the qualified taxpayer, a deduction otherwise allowed under this part for any amount of qualified expenditures paid or incurred by the qualified taxpayer shall be reduced by the amount of the qualified expenditures taken into account in calculating the credit allowed by this section.

(e) If the credit allowed by this section is claimed by the qualified taxpayer, the taxpayer shall not earn a return on equity for the eligible transmission project pursuant to Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7 of the Government Code for the portion of the project for which the credit is claimed.

(f) The bank shall inform the Franchise Tax Board of any eligible transmission project that the bank approves for financial assistance pursuant to subdivision (i) of Section 63049.73 of the Government Code and shall provide any other information the Franchise Tax Board requires for administration of the credit allowed by this section.

(g) The Franchise Tax Board may prescribe regulations that are necessary or appropriate to carry out the purposes of this section.

(h) Section 41 shall not apply to this section.

(i) This section shall remain in effect only until December 1, 2036, and as of that date is repealed.

SEC. 65. Section 23036 of the Revenue and Taxation Code is amended to read:

23036. (a) (1) The term “tax” includes any of the following:

(A) The tax imposed under Chapter 2 (commencing with Section 23101).

(B) The tax imposed under Chapter 3 (commencing with Section 23501).

(C) The tax on unrelated business taxable income, imposed under Section 23731.

(D) The tax on “S” corporations imposed under Section 23802.

(2) The term “tax” does not include any amount imposed under paragraph (1) of subdivision (e) of Section 24667 or paragraph (2) of subdivision (f) of Section 24667.

(b) For purposes of Article 5 (commencing with Section 18661) of Chapter 2, Article 3 (commencing with Section 19031) of Chapter 4, Article 6 (commencing with Section 19101) of Chapter 4, and Chapter 7

(commencing with Section 19501) of Part 10.2, and, for purposes of Sections 18601, 19001, and 19005, the term “tax” also includes all of the following:

(1) The tax on limited partnerships, imposed under Section 17935, the tax on limited liability companies, imposed under Section 17941, and the tax on registered limited liability partnerships and foreign limited liability partnerships imposed under Section 17948.

(2) The alternative minimum tax imposed under Chapter 2.5 (commencing with Section 23400).

(3) The tax on built-in gains of “S” corporations, imposed under Section 23809.

(4) The tax on excess passive investment income of “S” corporations, imposed under Section 23811.

(c) Notwithstanding any other provision of this part, credits are allowed against the “tax” in the following order:

(1) Credits that do not contain carryover provisions.

(2) Credits that, when the credit exceeds the “tax,” allow the excess to be carried over to offset the “tax” in succeeding taxable years, except for those credits that are allowed to reduce the “tax” below the tentative minimum tax, as defined by Section 23455. The order of credits within this paragraph shall be determined by the Franchise Tax Board.

(3) The minimum tax credit allowed by Section 23453.

(4) Credits that are allowed to reduce the “tax” below the tentative minimum tax, as defined by Section 23455, except the credit described in paragraph (5).

(5) For taxable years beginning on or after January 1, 2025, the credit allowed by Section 23698.1.

(6) For taxable years beginning on or after January 1, 2027, the credit allowed by Section 23036.5.

(7) Credits for taxes withheld under Section 18662.

(d) Notwithstanding any other provision of this part, each of the following applies:

(1) A credit may not reduce the “tax” below the tentative minimum tax (as defined by paragraph (1) of subdivision (a) of Section 23455), except the following credits:

(A) The credit allowed by former Section 23601 (relating to solar energy).

(B) The credit allowed by former Section 23601.4 (relating to solar energy).

(C) The credit allowed by former Section 23601.5 (relating to solar energy).

(D) The credit allowed by Section 23609 (relating to research expenditures).

(E) The credit allowed by former Section 23609.5 (relating to clinical testing expenses).

(F) The credit allowed by Section 23610.5 (relating to low-income housing).

(G) The credit allowed by former Section 23612 (relating to sales and use tax credit).

(H) The credit allowed by Section 23612.2 (relating to enterprise zone sales or use tax credit).

(I) The credit allowed by former Section 23612.6 (relating to Los Angeles Revitalization Zone sales tax credit).

(J) The credit allowed by former Section 23622 (relating to enterprise zone hiring credit).

(K) The credit allowed by Section 23622.7 (relating to enterprise zone hiring credit).

(L) The credit allowed by former Section 23623 (relating to program area hiring credit).

(M) The credit allowed by former Section 23623.5 (relating to Los Angeles Revitalization Zone hiring credit).

(N) The credit allowed by former Section 23625 (relating to Los Angeles Revitalization Zone hiring credit).

(O) The credit allowed by Section 23633 (relating to targeted tax area sales or use tax credit).

(P) The credit allowed by Section 23634 (relating to targeted tax area hiring credit).

(Q) The credit allowed by former Section 23649 (relating to qualified property).

(R) For taxable years beginning on or after January 1, 2011, the credit allowed by Section 23685 (relating to qualified motion pictures).

(S) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 23689 (relating to GO-Biz California Competes Credit).

(T) For taxable years beginning on or after January 1, 2016, the credit allowed by Section 23695 (relating to qualified motion pictures).

(U) For taxable years beginning on or after January 1, 2014, the credit allowed by Section 23686 (relating to the College Access Tax Credit Fund).

(V) For taxable years beginning on or after January 1, 2017, the credit allowed by Section 23687 (relating to the College Access Tax Credit Fund).

(W) For taxable years beginning on or after January 1, 2020, and before January 1, 2031, the credit allowed by Section 23636 (relating to the new advanced strategic aircraft credit).

(X) For taxable years beginning on or after January 1, 2020, the credit allowed by Section 23698 (relating to the California Motion Picture and Television Production Credit).

(Y) For taxable years beginning on or after January 1, 2025, the credit allowed by Section 23698.1 (relating to the California Motion Picture and Television Production Credit).

(Z) For taxable years beginning on or after January 1, 2027, the credit allowed by Section 23036.5.

(AA) For taxable years beginning on or after January 1, 2026, and before January 1, 2036, the credit allowed by Section 23640 (relating to eligible transmission projects).

(2) A credit against the tax may not reduce the minimum franchise tax imposed under Chapter 2 (commencing with Section 23101).

(e) Any credit which is partially or totally denied under subdivision (d) is allowed to be carried over to reduce the “tax” in the following year, and succeeding years if necessary, if the provisions relating to that credit include a provision to allow a carryover of the unused portion of that credit.

(f) Unless otherwise provided, any remaining carryover from a credit that has been repealed or made inoperative is allowed to be carried over under the provisions of that section as it read immediately prior to being repealed or becoming inoperative.

(g) Unless otherwise provided, if two or more taxpayers share in costs that would be eligible for a tax credit allowed under this part, each taxpayer is eligible to receive the tax credit in proportion to their respective share of the costs paid or incurred.

(h) Unless otherwise provided, in the case of an “S” corporation, any credit allowed by this part is computed at the “S” corporation level, and any limitation on the expenses qualifying for the credit or limitation upon the amount of the credit applies to the “S” corporation and to each shareholder.

(i) (1) With respect to any taxpayer that directly or indirectly owns an interest in a business entity that is disregarded for tax purposes pursuant to Section 23038 and any regulations thereunder, the amount of any credit or credit carryforward allowable for any taxable year attributable to the disregarded business entity is limited in accordance with paragraphs (2) and (3).

(2) The amount of any credit otherwise allowed under this part, including any credit carryover from prior years, that may be applied to reduce the taxpayer’s “tax,” as defined in subdivision (a), for the taxable year is limited to an amount equal to the excess of the taxpayer’s regular tax (as defined in Section 23455), determined by including income attributable to the disregarded business entity that generated the credit or credit carryover, over the taxpayer’s regular tax (as defined in Section 23455), determined by excluding the income attributable to that disregarded business entity. A credit is not allowed if the taxpayer’s regular tax (as defined in Section 23455), determined by including the income attributable to the disregarded business entity is less than the taxpayer’s regular tax (as defined in Section 23455), determined by excluding the income attributable to the disregarded business entity.

(3) If the amount of a credit allowed pursuant to the section establishing the credit exceeds the amount allowable under this subdivision in any taxable year, the excess amount may be carried over to subsequent taxable years pursuant to subdivisions (d), (e), and (f).

(j) (1) Unless otherwise specifically provided, in the case of a taxpayer that is a partner or shareholder of an eligible pass-thru entity described in paragraph (2), any credit passed through to the taxpayer in the taxpayer’s first taxable year beginning on or after the date the credit is no longer operative may be claimed by the taxpayer in that taxable year, notwithstanding the repeal of the statute authorizing the credit prior to the close of that taxable year.

(2) For purposes of this subdivision, “eligible pass-thru entity” means any partnership or “S” corporation that files its return on a fiscal year basis pursuant to Section 18566, and that is entitled to a credit pursuant to this part for the taxable year that begins during the last year a credit is operative.

(3) This subdivision applies to credits that become inoperative on or after the operative date of the act adding this subdivision.

(k) The amendments made to this section by Chapter 56 of the Statutes of 2023 shall apply as follows:

(1) The amendments to subdivision (c) shall be operative for taxable years beginning on or after January 1, 2025.

(2) The amendments to subparagraph (X) of paragraph (1) of subdivision (d) shall be operative for taxable years beginning on or after January 1, 2020.

(3) The amendments to subparagraph (Y) of paragraph (1) of subdivision (d) shall be operative for taxable years beginning on or after January 1, 2025.

SEC. 66. Section 23640 is added to the Revenue and Taxation Code, to read:

23640. (a) For taxable years beginning on or after January 1, 2026, and before January 1, 2036, there shall be allowed to qualified taxpayer, a credit against the “tax,” as defined in Section 23036, in an amount equal to 20 percent of the qualified expenditures paid or incurred by the qualified taxpayer during the taxable year, not to exceed twenty million dollars (\$20,000,000) per qualified taxpayer per taxable year.

(b) For purposes of this section:

(1) “Bank” means the California Infrastructure and Economic Development Bank established under Chapter 2 (commencing with Section 63021) of Division 1 of Title 6.7 of the Government Code.

(2) “Eligible transmission project” has the same meaning as defined in Section 63049.73 of the Government Code.

(3) “Qualified expenditures” means costs paid or incurred for planning, design, engineering, permitting, construction, and equipment directly related to the eligible transmission project or qualified wages paid or incurred to employees of a qualified taxpayer that perform services directly related to the eligible transmission project.

(4) “Qualified taxpayer” means a taxpayer that is a participating party, as defined in subdivision (h) of section 63049.71 of the Government Code.

(5) “Qualified wages” means wages subject to withholding under Division 6 (commencing with Section 13000) of the Unemployment Insurance Code.

(c) In the case where the credit allowed by this section exceeds the “tax,” the excess may be carried over to reduce the “tax” in the following taxable year, and succeeding seven years if necessary, until the credit is exhausted.

(d) If the credit allowed by this section is claimed by the qualified taxpayer, a deduction otherwise allowed under this part for any amount of qualified expenditures paid or incurred by the qualified taxpayer shall be reduced by the amount of the qualified expenditures taken into account in calculating the credit allowed by this section.

(e) If the credit allowed by this section is claimed by the qualified taxpayer, the taxpayer shall not earn a return on equity for the eligible transmission project pursuant to Article 10.5 (commencing with Section 63049.71) of Chapter 2 of Division 1 of Title 6.7 of the Government Code for the portion of the project for which the credit is claimed.

(f) The bank shall inform the Franchise Tax Board of any eligible transmission project that the bank approves for financial assistance pursuant to subdivision (i) of Section 63049.73 of the Government Code and shall provide any other information the Franchise Tax Board requires for administration of the credit allowed by this section.

(g) The Franchise Tax Board may prescribe regulations that are necessary or appropriate to carry out the purposes of this section.

(h) Section 41 shall not apply to this section.

(i) This section shall remain in effect only until December 1, 2036, and as of that date is repealed.

SEC. 67. 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. 68. Section 80506 of the Water Code is amended to read:

80506. As used in this division, unless the context otherwise requires, all of the following terms have the following meanings:

(a) “Account” means the Continuation Account created pursuant to Section 3298 of the Public Utilities Code. This subdivision shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299 of the Public Utilities Code.

(b) “Administrator” has the same meaning as defined in Section 3280 of the Public Utilities Code.

(c) “Bonds” means bonds, notes, or other evidences of indebtedness issued solely for purposes of supporting the Wildfire Fund or the account and other related expenses incurred by the department pursuant to this division, or for reimbursing expenditures from the fund or the Wildfire Fund or the account for those purposes; repaying to the Surplus Money Investment Fund any loans made to the Wildfire Fund; establishing or maintaining reserves in connection with the bonds; costs of issuance of bonds or incidental to their payment or security; capitalized interest; or renewing or refunding any bonds.

(d) “Commission” means the Public Utilities Commission.

(e) “Electrical corporation” means a large electrical corporation, as defined in Section 3280 of the Public Utilities Code, that participates in the Wildfire Fund or the account, as appropriate.

(f) “Fund” means the Department of Water Resources Charge Fund established by Section 80550.

(g) “Wildfire Fund” has the same meaning as defined in Section 3280 of the Public Utilities Code.

SEC. 69. Section 80524 of the Water Code is amended to read:

80524. (a) (1) The revenue requirement for each year or, with respect to the first year and last year, the pro rata portion of the year, shall be equal to the average annual amount of collections by the department with respect to charges imposed pursuant to the revenue requirements established by the department under Section 80110 for the period from January 1, 2013, through December 31, 2018. Except as provided in paragraph (2), the revenue requirement shall remain in effect until January 1, 2036.

(2) The revenue requirement specified in paragraph (1) shall remain in effect until January 1, 2046, if the Public Utilities Commission imposes a nonbypassable charge pursuant to Section 3299.2 of the Public Utilities Code. This paragraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299 of the Public Utilities Code.

(b) If, pursuant to Section 3289 of the Public Utilities Code, the commission makes a just and reasonable determination with respect to the revenue requirement, then the commission shall enter into an agreement with the department with respect to charges under Section 3289 of the Public Utilities Code with respect to the revenue requirement, and that agreement shall have the force and effect of an irrevocable financing order adopted in accordance with Article 5.5 (commencing with Section 840) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, as determined by the commission. The agreement and financing order shall provide for the administration of the revenue requirement, including provisions to the effect that (1) the department shall notify the commission each year of the annual collections received by the department with respect to the revenue requirement and the amount of any excess or deficiency in collections above or below the revenue requirement and that the commission shall adjust

charges in the subsequent year to reflect any such excess or deficiency, and (2) during any revenue requirement period if the department forecasts that the revenue requirement for that period will not be met and that collections will not be sufficient to fund any of the amounts in paragraphs (1) to (5), inclusive, of subdivision (a) of Section 80544, then the department shall notify the commission in writing and the commission shall act within 30 days to increase charges so that the amounts collected during that period are sufficient to meet those obligations. For avoidance of doubt, no such adjustment to charges by the commission shall affect in any respect the commission's just and reasonable determination with respect to the revenue requirement.

(c) (1) If, pursuant to Section 3299.2 of the Public Utilities Code, the commission makes a just and reasonable determination with respect to the revenue requirement, then the commission shall enter into an agreement with the department with respect to charges under Section 3299.2 of the Public Utilities Code with respect to the revenue requirement, and that agreement shall have the force and effect of an irrevocable financing order adopted in accordance with Article 5.5 (commencing with Section 840) of Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, as determined by the commission. The agreement and financing order shall provide for the administration of the revenue requirement, including provisions to the effect that: (A) the department shall notify the commission each year of the annual collections received by the department with respect to the revenue requirement and the amount of any excess or deficiency in collections above or below the revenue requirement and that the commission shall adjust charges in the subsequent year to reflect any such excess or deficiency; and (B) during any revenue requirement period, if the department forecasts that the revenue requirement for that period will not be met and that collections will not be sufficient to fund any of the amounts in paragraphs (1) to (4), inclusive, subdivision (a) of Section 80544.5, then the department shall notify the commission in writing and the commission shall act within 30 days to increase charges so that the amounts collected during that period are sufficient to meet those obligations. For avoidance of doubt, no such adjustment to charges by the commission shall affect in any respect the commission's just and reasonable determination with respect to the revenue requirement.

(2) This subdivision shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299 of the Public Utilities Code.

SEC. 70. Section 80540 of the Water Code is amended to read:

80540. (a) (1) The department may incur indebtedness and issue bonds as evidence thereof solely for purposes of supporting the Wildfire Fund and other related expenses incurred by the department pursuant to this division, provided that bonds authorized pursuant to this paragraph shall not (A) be issued in an amount the debt service on which, to the extent payable from the fund, is estimated by the department to exceed the amounts estimated

to be available in the fund for their payment, and (B) mature after January 1, 2036.

(2) If the administrator provides the notification pursuant to subdivision (b) of Section 3299.1 of the Public Utilities Code, the department may incur indebtedness and issue bonds as evidence thereof solely for purposes of supporting the account and other related expenses incurred by the department pursuant to this division, provided that bonds authorized under this paragraph shall not be issued in an amount the debt service on which, to the extent payable from the account, including the annual contributions and additional contribution pursuant to Section 3299.2 of the Public Utilities Code, is estimated by the department to exceed the amounts estimated to be available in the account for their payment. This paragraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299 of the Public Utilities Code.

(b) (1) The department may authorize the issuance of bonds pursuant to paragraph (1) of subdivision (a), excluding any notes issued in anticipation of the issuance of bonds and retired from the proceeds of those bonds, in an aggregate amount up to ten billion five hundred million dollars (\$10,500,000,000).

(2) In addition to paragraph (1), if the administrator provides the notification pursuant to subdivision (b) of Section 3299.1 of the Public Utilities Code, the department may authorize the issuance of bonds pursuant to paragraph (2) of subdivision (a), excluding any notes issued in anticipation of the issuance of bonds and retired from the proceeds of those bonds, in an aggregate amount up to nine billion dollars (\$9,000,000,000). This paragraph shall become operative upon all large electrical corporations electing to participate in the account pursuant to Section 3299 of the Public Utilities Code.

(c) Refunding bonds for any of the following purposes shall not be included in the calculation of the aggregate amount described in subdivision (b):

(1) Refunding bonds to obtain a lower interest rate.

(2) Refunding bonds bearing a variable interest rate with bonds bearing interest at a fixed rate.

(3) Refunding bonds if any nationally recognized rating agency reduces or withdraws, or proposes to reduce or withdraw, the rating assigned to securities that are secured by bond insurance policies, credit or liquidity facilities issued by the provider of a bond insurance policy, or a credit or liquidity facility securing the bonds being refunded.

(d) Before the issuance of bonds in a public offering, the department shall establish a mechanism to ensure the bonds are sold at investment grade ratings and repaid on a timely basis from pledged revenues. This mechanism may include, but is not limited to, an agreement between the department and the commission as described in Section 80524.

(e) Notwithstanding any provision of this division to the contrary, the department shall not issue any bonds pursuant to this division until the earlier of either of the following:

(1) The date on which the department shall have legally defeased all of its outstanding power supply revenue bonds issued pursuant to Section 80134 and provided written notice to the commission.

(2) The date on which the department shall have paid in full, at maturity, all of its outstanding power supply revenue bonds issued pursuant to Section 80134 and provided written notice to the commission.

SEC. 71. Section 80544 of the Water Code is amended to read:

80544. (a) If, pursuant to subdivision (b) of Section 80524, the commission makes a just and reasonable determination with respect to that revenue requirement, the department shall, and in any obligation entered into pursuant to this division may covenant to, at least annually, and more frequently as required, allocate or cause to be allocated moneys collected pursuant to this division to provide any of the following:

(1) The amounts necessary to pay the principal of, and premium, if any, and interest on, bonds issued pursuant to paragraph (1) of subdivision (b) of Section 80540 as and when the bonds shall become due.

(2) The amounts necessary to make payments under any contracts, agreements, or obligations entered into by it pursuant hereto, in the amounts and at the times they shall become due.

(3) Reserves in such amount as may be determined by the department from time to time to be necessary or desirable.

(4) Consistent with Section 3288 of the Public Utilities Code, repayment of loans made from the Surplus Money Investment Fund to the Wildfire Fund.

(5) The administrative costs of the department incurred in administering this division.

(6) After meeting the purposes in paragraphs (1) to (5), inclusive, the transfer of any remaining revenue requirement amount to the Wildfire Fund.

(b) The commission shall not revise the revenue requirement established pursuant to subdivision (b) of Section 80524 at any time before January 1, 2036. For avoidance of doubt, the revenue requirement established pursuant to that subdivision shall not be imposed and collected until the department has legally defeased or paid at maturity the power supply revenue bonds issued pursuant to Section 80134 and provided written notice thereof to the commission.

SEC. 72. Section 80544.5 is added to the Water Code, to read:

80544.5. (a) If, pursuant to subdivision (c) of Section 80524, the commission makes a just and reasonable determination with respect to that revenue requirement, the department shall, and in any obligation entered into pursuant to this division may covenant to, at least annually, and more frequently as required, allocate or cause to be allocated moneys collected pursuant to this division to provide any of the following:

(1) The amounts necessary to pay the principal of, and premium, if any, and interest on, bonds issued pursuant to paragraph (2) of subdivision (b) of Section 80540 as and when the bonds shall become due.

(2) The amounts necessary to make payments under any contracts, agreements, or obligations entered into by it pursuant hereto, in the amounts and at the times they shall become due.

(3) Reserves in such amount as may be determined by the department from time to time to be necessary or desirable.

(4) The administrative costs of the department incurred in administering this division.

(5) After meeting the purposes in paragraphs (1) to (4), inclusive, the transfer of any remaining revenue requirement amount to the account.

(b) The commission shall not revise the revenue requirement established pursuant to subdivision (c) of Section 80524 at any time before January 1, 2046. For avoidance of doubt, the revenue requirement established pursuant to subdivision (c) of Section 80524 shall not be imposed and collected until the department has legally defeased or paid at maturity the bonds issued pursuant to paragraph (1) of subdivision (a) of Section 80540 and provided written notice thereof to the commission.

(c) This section shall become inoperative if a large electrical corporation elects not to participate pursuant to Section 3299 of the Public Utilities Code and is repealed on January 1 of the year following the notification by the commission pursuant to subdivision (c) of Section 3299 of the Public Utilities Code.

SEC. 73. The Legislature finds and declares that Section 47 of this act, which adds Section 3299.100 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:

To protect confidential business information that is submitted to a public agency from public disclosure, it is necessary to exempt that confidential business information from disclosure under the California Public Records Act or any other law.

SEC. 74. 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. 75. 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 ensure the provision of reliable and affordable electricity to ratepayers by ensuring the financial stability of electrical corporations, which are facing increases liability risks from catastrophic wildfires, and to protect California

consumers from high electricity bills, it is necessary for this measure to take effect immediately to preserve the public health and safety.

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