

1 [Opposing California Assembly Bill No. 235 (Mayes) - Electrical Corporations: Recovery of
2 Catastrophic Wildfire Costs and Expenses]

3 **Resolution opposing California State Assembly Bill No. 235, authored by Assembly**
4 **Member Chad Mayes, which would make PG&E customers and ratepayers act as**
5 **guarantors if shareholders default on their payments due to continued wildfire safety**
6 **negligence or poor management decisions.**

7
8 WHEREAS, In January 2019, the state legislature introduced Assembly Bill No. 235
9 (AB 235), which seeks to authorize the California Public Utilities Commission (CPUC), when
10 determining recovery by an electrical corporation (IOU) for costs and expenses arising from a
11 catastrophic wildfire, to consider the IOU's financial status in order to determine the maximum
12 amount the IOU can pay; and

13 WHEREAS, This bill allows PG&E and other for-profit utilities to use tax-exempt bonds
14 to reduce wildfire related financing costs; and

15 WHEREAS, The purpose of tax-exempt financing is to support the public good and not
16 subsidize for-profit companies that do not prioritize public safety in their utility operations; and

17 WHEREAS, With the recent passage of Assembly Bill No. 1054, which was intended to
18 address the financial health of investor-owned utilities, the aim of this bill is duplicative and
19 raises significant concerns about the burden it would place on electricity ratepayers and on
20 state revenues; and

21 WHEREAS, While this bill requires a net income adjustment from PG&E equal to the
22 wildfire recovery charges passed on to ratepayers, it does not explicitly require that amount to
23 be "returned" to ratepayers, and therefore begs the question of how ratepayers would be
24 made whole should PG&E declare bankruptcy or otherwise become insolvent over the lifetime
25 of the bonds; and

1 WHEREAS, The bill does not limit, cap, or reduce shareholder profits, all while PG&E
2 is actively seeking substantial increases in its rate of return at the California Public Utilities
3 Commission, which would offset this bill's potential reduction in shareholder profits; and

4 WHEREAS, The additional strain placed on ratepayers taking on financial liability from
5 IOU shareholders would reduce the ability to leverage customer revenues for future financial
6 emergencies; and

7 WHEREAS, Giving these bonds tax-exempt status would reduce critical tax revenues
8 needed for California public services and it is unclear how these tax savings would flow
9 through to ratepayers;

10 WHEREAS, In addition to providing a public subsidy to a for-profit corporation, a tax-
11 exempt financing transaction of this size would potentially crowd-out the marketplace to
12 critical public agency funding needs; and

13 WHEREAS, It is not clear how AB 235 would help victims of the 2017 and 2018
14 wildfires beyond PG&E's current ability, but instead, it would put California ratepayers and
15 taxpayers on the hook for mismanagement decisions made by PG&E and its shareholders;
16 and

17 WHEREAS, Despite concerns around PG&E's financial health and the need to make
18 victims whole, it is not appropriate for California ratepayers and taxpayers to subsidize an
19 investor-owned company's debt related to past wildfires, especially given that the company in
20 question was found criminally at fault for past safety issues; now, therefore, be it

21 RESOLVED, That the Board of Supervisors of the City and County of San Francisco
22 opposes Assembly Bill No. 235; and, be it

23 FURTHER RESOLVED, That the Clerk of the Board of Supervisors notify San
24 Francisco's State Legislative Delegation and the Office of the Governor of the State of
25 California accordingly.



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 190911

Date Passed: September 10, 2019

Resolution opposing California State Assembly Bill No. 235, authored by Assembly Member Chad Mayes, which would make PG&E customers and ratepayers act as guarantors if shareholders default on their payments due to continued wildfire safety negligence or poor management decisions.

September 10, 2019 Board of Supervisors - ADOPTED

Ayes: 10 - Brown, Fewer, Haney, Mandelman, Mar, Ronen, Safai, Stefani, Walton and Yee

Absent: 1 - Peskin

File No. 190911

I hereby certify that the foregoing Resolution was ADOPTED on 9/10/2019 by the Board of Supervisors of the City and County of San Francisco.

for Angela Calvillo
Clerk of the Board

Unsigned

London N. Breed
Mayor

9/20/2019

Date Approved

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board

9/23/2019

Date