

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



**FILED**  
08/07/19  
04:59 PM

Order Instituting Rulemaking to Consider  
Authorization of a Non-Bypassable Charge to  
Support California's Wildfire Fund.

Rulemaking 19-07-017  
(Filed July 26, 2019)

**PREHEARING CONFERENCE STATEMENT OF THE UTILITY REFORM  
NETWORK REGARDING THE ORDER INSTITUTING RULEMAKING TO  
CONSIDER AUTHORIZATION OF A NON-BYPASSABLE CHARGE TO SUPPORT  
CALIFORNIA'S WILDFIRE FUND**



Elise Torres, Staff Attorney  
Matthew Freedman, Staff Attorney

**THE UTILITY REFORM  
NETWORK**

785 Market Street, Suite 1400  
San Francisco, CA 94103  
Phone: (415) 929-8876 ex. 308  
Fax: (415) 929-1132  
Email: [etorres@turn.org](mailto:etorres@turn.org)

DATE: August 7, 2019

## TABLE OF CONTENTS

I.	INTRODUCTION .....	1
II.	ISSUES IDENTIFIED IN ORDER INSTITUTING RULEMAKING .....	2
III.	CONCLUSION.....	4

**PREHEARING CONFERENCE STATEMENT OF THE UTILITY REFORM  
NETWORK REGARDING THE ORDER INSTITUTING RULEMAKING TO  
CONSIDER AUTHORIZATION OF A NON-BYPASSABLE CHARGE TO SUPPORT  
CALIFORNIA’S WILDFIRE FUND**

**I. INTRODUCTION**

Pursuant to the Order Instituting Rulemaking to Consider Authorization of a Non-Bypassable Charge to Support California’s Wildfire Fund (OIR) issued by the Commission on July 26, 2019, and Rule 7.2(a) of the California Public Utilities Commission’s (CPUC or Commission) Rules of Practice and Procedure, The Utility Reform Network (TURN) respectfully submits this Prehearing Conference Statement (PHC Statement). Assembly Bill (AB) 1054 was passed by California Legislature and signed by Governor Newsom in July 2019. AB 1054 was passed to address issues related to the prevention of wildfires caused by California’s electric investor-owned utilities’ (IOUs) infrastructure and the liabilities arising from wildfires caused by IOU infrastructure. AB 1054 addresses many issues including establishing a Wildfire Fund to pay eligible claims from covered wildfires and directing the Commission to consider using its authority to impose a non-bypassable charge on IOU ratepayers and use the collected funds to support the Wildfire Fund.

The ratepayer funded component of the Wildfire Fund is designed to be a continuation of the collection of the Department of Water Resources Bond Charge (DWR Bond Charge) that was established in response to energy crisis of 2000 and 2001. Ratepayer contributions to the DWR Bond Charge were projected to be completed by the end of 2020.<sup>1</sup> The sections of AB 1054 relating to ratepayer funding for a component of the Wildfire Fund seeks to continue ratepayer contributions through the DWR Bond Charge to support the Wildfire Fund.<sup>2</sup> TURN supported Assembly Bill 1054 (AB 1054) based on the principle that it would not result in increases in

---

<sup>1</sup> D.18-11-040, p. 4, FN 4: ... DWR currently projects that it will have sufficient amounts in its Bond Charge Accounts at the end of 2020 to pay all future Bond Related Costs. At that time, no further deposits will be required to be made into the Bond Charge Accounts (i.e., Bond Charges will not be imposed on ratepayers). ...

<sup>2</sup> Assembly Committee on Utilities and Energy Analysis of AB 1054, July 10, 2019, pp. 14-15.

electric rates as claimed by the Author of AB 1054, Assemblymember Holden.<sup>3</sup> TURN will ensure this principle is upheld in this proceeding.

Utility caused wildfires present a significant risk to all Californians and have already resulted in rate increases for IOU ratepayers. These increased costs have worsened an existing utility bill affordability crisis. High energy bills resulted in over 800,000 California households being shut off by PG&E, SCE, SDG&E and SoCal Gas in 2017.<sup>4</sup> Utility shutoffs lead to deteriorating health and safety conditions, increased displacement and homelessness, and more mental stress among infants and children, older residents and people who have serious medical conditions. Further, PG&E has proposed an over 20% rate increase in its general rate case that is currently being reviewed by the Commission.<sup>5</sup> Accordingly, the Commission must be mindful of these affordability concerns while it evaluates the annual revenue requirement necessary to support the Wildfire Fund non-bypassable charge.

## **II. ISSUES IDENTIFIED IN ORDER INSTITUTING RULEMAKING**

In general, the OIR correctly identifies the key issues within the scope of this proceeding. There are additional issues that are related to the five issues identified in the OIR that must be addressed in this proceeding, including:

- Allocation of the annual revenue requirement to the IOUs;
- The proper annual update process for the annual revenue requirement for the Wildfire Fund non-bypassable charge;
- The methodology to return excess funds or negative revenue requirement to ratepayers in the event of over collections;
- The entity responsible for modeling the annual Wildfire Fund revenue requirement and the modeling process.

---

<sup>3</sup> See Assembly Floor Analysis of AB 1054, July 11, 2019, “According to the Author”, p. 5. See also, Senate Committee on Energy, Utilities and Communications, July 8, 2019, AB 1054 Analysis, “Arguments in Support: According to Author:”, p. 20.

<sup>4</sup> CPUC, Senate Bill 598 Report, Residential and Household Service Disconnections 2013-2017.

<sup>5</sup> PG&E is requesting a 12.4% increase in its GRC revenue requirement in test year 2020, plus additional increases in each of the two attrition years of nearly 5% per year. A.18-12-009, PG&E Test Year 2020 General Rate Case Application pp. 6-7.

However, the five issues identified in the OIR are sufficiently broad to include these related issues.

The current revenue allocation methodology used to recover the DWR Bond Charge revenue requirement on all non-excluded<sup>6</sup> electricity consumption should continue for the Wildfire Fund non-bypassable charge. Public Utilities Code Section 3289(a)(2) states that if the Commission determines the imposition of the non-bypassable charge to support the Wildfire Fund is just and reasonable it shall direct each electrical corporation to impose and collect that charge. This section further states:

“(T)he charge shall be collected *in the same manner* as that for the payments made to reimburse the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code.” (emphasis added)

TURN assumes this statutory directive will be implemented by utilizing the current revenue allocation and rate design methodology used to recover the DWR Bond Charge revenue requirement. The DWR Bond Charge is currently collected as a separate non-bypassable rate component on all non-excluded electricity consumption on an equal cents per kilowatt hour basis.<sup>7</sup> TURN’s support for AB 1054 was based on the promise that AB 1054 would not result in an increase in electricity rates and TURN’s understanding that Section 3289(a) refers to the Wildfire Fund non-bypassable charge being *collected in the same manner* as the DWR Bond Charge. The only way the Wildfire Fund revenue requirement can be recovered without increasing electric rates would be to continue the same revenue allocation as is used for the DWR Bond Charge. TURN requests clarification from the Commission regarding this threshold issue as the determination regarding if the imposition of the Wildfire Fund non-bypassable charge is just and reasonable is dependent on the revenue allocation and rate design methodology adopted.

---

<sup>6</sup> CARE and Medical Baseline customer usage is exempt from the DWR Bond Charge. D.02-10-063, p. 49, COL 7.

<sup>7</sup> D.02-10-063, p. 43, OP 2. Decision 02-10-063 did limit the revenue allocation to bundled electricity consumption because at the time the Commission had a separate proceeding to evaluate the cost responsibility for Direct Access customers (see FOF 32 and OP 8). In regards to the Wildfire Fund, it is critical not to limit the collection of the Wildfire Fund non-bypassable charge to customers on bundled service because there is no relationship between wildfire liability costs and energy supply or generation. Further, limiting collection to bundled customers would result in significant rate impacts to customers not served by a CCA or ESP.

### III. CONCLUSION

TURN plans to actively participate in this Rulemaking and ensure that the Wildfire Fund revenue requirement is established in a just and reasonable manner that does not increase electric rates.

Date: August 7, 2019

Respectfully submitted,

By:

\_\_\_\_\_  
/s/

Elise Torres

Elise Torres, Staff Attorney

THE UTILITY REFORM NETWORK  
785 Market Street, Suite 1400  
San Francisco, CA 94103  
Phone: (415) 929-8876 ex. 308  
Fax: (415) 929-1132  
Email: [etorres@turn.org](mailto:etorres@turn.org)