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

Order Instituting Investigation on the Commission's Own Motion to Consider the Ratemaking and Other Implications of a Proposed Plan for Resolution of Voluntary Case filed by Pacific Gas and Electric Company Pursuant to Chapter 11 of the Bankruptcy Code, in the United States Bankruptcy Court, Northern District of California, San Francisco Division, In re Pacific Gas and Electric Corporation and Pacific Gas and Electric Company, Case No. 19-30088.

Investigation 19-09-016  
(Filed September 26, 2019)

**WILD TREE FOUNDATION  
COMMENTS ON PROPOSED DECISION**

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Dated: May 11, 2020

## SUMMARY OF RECOMMENDED CHANGES

- Utility-caused fires.** The Plan should be amended to include strong wildfire safety metrics and robust requirements for utility wildfire mitigation plans such as robust inspections, replacement of faulty infrastructure, installation of technology to surgically de-energize infrastructure upon failure, and implementation of indigenous fire management practices. The Plan must make it clear that power shutoffs for the purpose of decreasing utility liability for power line-caused fires cannot continue long term and, instead, PG&E must implement proven strategies other than vegetation management and power shut offs to upgrade its infrastructure to make it truly fire safe.
- Ratepayer protection.** The Plan should be amended to ensure true ratepayer neutrality. In particular, this should include the refinancing of the Plan's short-term debt in the Plan itself and ensure that tax savings due to net operating losses benefit ratepayers, not shareholders. The Plan should explicitly reject PG&E's application to issue \$7.5 billion in bonds under the stress test provisions of SB 901, which would add additional charges to ratepayer bills, similar to what was done in PG&E's previous Chapter 11 bankruptcy settlement.
- Wildfire victims.** The Plan should guarantee immediate payment of claims to wildfire victims in cash, not with PG&E's volatile stock tied up in a trust that claimants themselves cannot control.
- Vulnerable communities and individuals.** The Plan should recognize that energy is a human right the need for which is magnified by shelter-in-place orders increasing our reliance on electricity in the home to work and attend school and should include debt forgiveness for vulnerable households.
- Oversight.** The Plan should immediately provide for an independent monitor with full access to PG&E operations to ensure compliance with all terms of the Plan.
- Transformation of California's energy system.** The Plan should include a clear mechanism for a state takeover of PG&E if it fails to successfully secure financing and emerge from bankruptcy conditions.
- Board of Directors Composition.** The Plan should restructure PG&E's board to shed Wall Street predators and include representative of diverse sectors, including disadvantaged communities and California workers.

## AUTHORITIES

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Pursuant to the Rule 13.4 of the Commission Rules of Practice and Procedure, Wild Tree Foundation (“Wild Tree”) submits the following comments on the Proposed Decision Approving Reorganization Plan (“PD”).

Wild Tree Foundation is a 501(c)(3) non-profit organization dedicated to the protection of our environment, climate, and wildlife. Wild Tree advocates that our future depends upon a transition away from fossil-fueled and utility-scale electricity generation reliant upon lengthy transmission and gas lines from for-profit, investor owned utilities to a system based upon local, distributed, publicly and cooperatively owned renewable resources. Wild Tree intervenes in Commission proceedings to further the interests of our environment, climate, and wildlife and

ratepayers that are concerned about their protection. In furtherance of these interests, Wild Tree advocates for transparency, public participation, and compliance with the Rule of Law in government decision-making and against corruption by government agencies and officials and regulated entities.

## COMMENTS

Wild Tree does not support the PD because it would approve PG&E's Proposed Reorganization Plan ("Proposed Plan") which would not ensure that past harm to fire victims, our environment, climate, communities, and ratepayers from PG&E-caused fires is addressed. The Proposed Plan also does not provide sufficient restrictions and requirements on PG&E as a regulated utility to prevent a "reorganized" PG&E from continuing to threaten public health and safety by prioritizing profits over safety.

AB 1054 requires the Commission to determine if any reorganization plans are consistent with the state's climate goals, is neutral, on average, to PG&E ratepayers, and recognizes the contribution of ratepayers.<sup>1</sup> Additionally, the PD states, "the Commission has identified additional factors and criteria it will consider in this proceeding."<sup>2</sup> These factors are:

How the plan and proposed governance structure will affect public safety on a going forward basis, both short term and long term; the ratemaking implications of the plan;

Whether the plan provides satisfactory resolution of claims for monetary fines or penalties for PG&E's pre-petition conduct; whether the plan maintains or improves PG&E's financial condition;

Whether the plan maintains or improves the quality of service to PG&E rate ratepayers; whether the plan maintains or improves the quality of management of PG&E;

Potential effects of the plan on local communities and PG&E employees;

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<sup>1</sup> Pub. Util. Code, § 3292, subd. (b)(1).

<sup>2</sup> PD at p. 14.

Whether the plan is fair and reasonable to PG&E employees;

Whether the plan is beneficial on an overall basis to state and local economies and to the communities in the area served by PG&E.<sup>3</sup>

The Proposed Plan is inadequate to address the AB 1054 factors as well as the additional factors identified by the Commission. The Proposed Plan fails to meet the needs of Californians under the unfolding energy and climate crises; does not provide necessary oversight of a utility that has proven time and time again to be untrustworthy and to have engaged in criminal behavior on numerous occasions resulting in widespread death and destruction; and does not guarantee that the plan will be ratepayer neutral.

Wild Tree urges the Commission to consider the following recommendations and not act in due haste to approve a plan that will allow business as usual to continue at PG&E. The stakes – our lives, our health, our environment, our safety, our security, our finances – are far too high for the Commission to allow a myopic focus on schedule to take precedence over due process and reason. The PD states that “the schedule does not allow for an in-depth discussion in this decision on every detail of PG&E’s plan or the various proposals to modify or add to that plan.”<sup>4</sup> This is simply unacceptable – the Commission must find a way to provide for a plan that is thoroughly vetted and which meets the statutory mandates that protection of our environment, climate, communities, and ratepayers be the foremost consideration in allowing PG&E to emerge from bankruptcy.

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<sup>3</sup> *Ibid.*

<sup>4</sup> PD at p. 10.

## RECOMMENDED CHANGES

1. **Utility-caused fires.** The Plan must institute strong wildfire safety metrics and robust requirements for utility wildfire mitigation plans. These should include robust inspections, replacement of faulty infrastructure, installation of technology to surgically de-energize infrastructure upon failure, and implementation of indigenous fire management practices. The Plan must make it clear that power shutoffs for the purpose of decreasing utility liability for power line-caused fires cannot continue long term and, instead, PG&E must implement proven strategies other than vegetation management and power shut offs to upgrade its infrastructure to make it truly fire safe. Until such strategies are fully implemented, which must happen as soon as possible, the Plan should provide for the minimization of power shutoffs with protections for medically vulnerable households, comprehensive community engagement processes with frontline communities, and requirements for utility compensation of customers for their financial losses during shutoffs.

2. **Ratepayer Protection.** Ratepayers need to be protected from both the past and future acts and omissions of PG&E and must not be forced to pay for the failures of PG&E. The Plan should be amended to ensure true ratepayer neutrality. In particular, this should include the refinancing of the Plan's short-term debt in the Plan itself and ensure that tax savings due to net operating losses benefit ratepayers, not shareholders. The Plan should explicitly reject PG&E's application to issue \$7.5 billion in bonds under the stress test provisions of SB 901, which would add additional charges to ratepayer bills, similar to what was done in PG&E's previous Chapter 11 bankruptcy settlement.

In not addressing the PG&E's securitization plans, the PD relies in part upon the opinion of some parties that review of a speculative plan need not be addressed.<sup>5</sup> But PG&E has now filed its application for securitization and thus the plan is no longer speculative and must be analyzed in this proceeding. The PD also fails to holistically analyze the various PG&E rate increases that PG&E has recently been granted and may soon be granted<sup>6</sup> to determine if a restructuring plan is really rate neutral. Such an analysis must be conducted or the Commission cannot definitely declare any plan as ratepayer neutral.

3. **Wildfire Victims.** Impacted communities and individuals, including wildfire survivors, need to be fully compensated for damages caused by PG&E's negligent and reckless acts and omissions. The Plan should guarantee immediate payment of claims to wildfire victims in cash, not with PG&E's volatile stock tied up in a trust that claimants themselves cannot control.

4. **Vulnerable Communities And Individuals.** In this moment of public health crisis, vulnerable households in particular need to be protected. The Plan should recognize that energy is a human right the need for which is magnified by shelter-in-place orders increasing our reliance on electricity in the home to work and attend school. The Plan should include debt forgiveness for vulnerable households.

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<sup>5</sup> PD at pp. 74-77.

<sup>6</sup> For example, the Commission approved \$373 million in interim rate increases from PG&E in May of 2019 in D.19-04-039, PG&E is requesting \$899 million in interim rate increases in A.20-02-003, and PG&E is also requesting \$135.4 million in interim rate increases through a motion in A.19-09-012.

5. **Oversight.** Customers need rigorous, independent, democratic oversight of all utilities. The Plan should immediately provide for an independent monitor with full access to PG&E operations to ensure compliance with all terms of the Plan. The monitor should be selected by and report to the legislature. In particular, the monitor should be empowered to enforce safety provisions by recovering compensation and dividend payments from PG&E investors and executives.

6. **Transformation Of California's Energy System.** Californians need a transformational energy system based on a clean, decentralized energy model. PG&E has failed to operate safely to address public safety and climate change. The Plan should include a clear mechanism for a state takeover of PG&E if it fails to successfully secure financing and emerge from bankruptcy conditions.

7. **Board of Directors Composition.** The public needs any utility to be accountable to the workers and the communities it serves. The Plan should restructure PG&E's board to shed Wall Street predators and include representative of diverse sectors, including disadvantaged communities and California workers.

Respectfully submitted,

/s/ April Maurath Sommer

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