



May 29, 2018

The Honorable Edmund G. Brown Jr.
Governor of California
State Capitol, Suite 1173
Sacramento, CA, 95814

The Honorable Toni Atkins
Senate President Pro Tempore
State Capitol, Room 205
Sacramento, CA 95814

The Honorable Anthony Rendon
Speaker of the Assembly
State Capitol, Room 219
Sacramento, CA 95814

The Honorable Patricia Bates
Senate Republican Leader
State Capitol, Room 305
Sacramento, CA 95814

The Honorable Brian Dahle
Assembly Republican Leader
State Capitol, Room 3104
Sacramento, CA 9481

RE: Climate Resilience and Healthy Utilities

Dear Governor Brown and Legislative Leaders,

The unprecedented scale of wildfires, like those that hit both Northern and Southern California last year, make it increasingly clear that California needs to take comprehensive steps to address the growing threat of wildfires. Eight of the 20 most destructive fires in California's history have occurred since 2015, with five occurring in 2017 alone. As stated in the Governor's 'May Revise' Summary, "between October and December, the combination of increased fire-prone vegetation from the winter storms and extreme winds triggered the most destructive wildfires in the state's history" and "decades of fire suppression, coupled with drought and the effects of climate warming, have dramatically increased the size and intensity of wildfires."

California's electric utilities¹ support the call to action by Governor Brown and legislative leaders to address this "new normal", and we are committed to being part of the broader solution to this statewide issue. California's utilities are committed to mitigating fire risk and protecting the communities we serve. Safety is a core value for all of our organizations. The California Utilities specifically support the principles established by the Governor and legislative leaders as they seek to:

1. **Modernize vegetation and forest management practices for fire prevention and carbon sequestration.** The California Utilities know that trees, shrubs and other vegetation can cause safety hazards and power outages if they grow near or into power lines. We support more robust forest management practices across the state, and continue to perform active vegetation management measures, including trimming and removal of trees to reduce the risk of fire.

¹ Southern California Edison, San Diego Gas & Electric, Pacific Gas & Electric, California Municipal Utilities Association, Redding Electric Utility, Lassen Municipal Utility District, Trinity Public Utility District, Sacramento Municipal Utility District, Los Angeles Department of Water and Power, Glendale Water and Power, Northern California Power Authority, Truckee Donner Public Utility District, City of Shasta Lake Electric Utility, Banning Electric Utility, Burbank Water and Power, Modesto Irrigation District, Plumas-Sierra Rural Electric Cooperative, City of Palo Alto Utilities, Riverside Public Utilities, City of Pasadena, Southern California Public Power Authority, San Francisco Public Utilities Commission

2. ***Ensure utility and public infrastructure is designed, constructed and operated to maximize resiliency to extreme weather events and natural disasters.*** We support cost-effective measures that help utilities maintain their equipment in a manner that maximizes public safety and reliability during extreme weather.
3. ***Enhance the emergency response system, including consideration of mutual aid resources, telecommunications, 911 systems, and community needs, particularly in low-income and vulnerable rural and urban communities.*** The California Utilities have engaged in fruitful partnerships with state, county, and local firefighting and emergency response organizations, and we support their further funding. The abovementioned resources are critical to minimizing the damages caused by wildfire, especially in vulnerable communities.
4. ***Examine the availability of insurance products in high wildfire areas in light of increased risks from climate change.*** The California Utilities recognize the increasing insurance challenges faced by homeowners in high-wildfire areas. We applaud the Governor and legislative leadership for their focus on the availability of insurance products in light of increasing fire risk. Utilities are also having a difficult time finding cost-effective coverage and we support efforts to explore the increased availability of affordable insurance products for utilities – which will have direct benefits for our customers.
5. ***Update liability rules and regulations for utility services in light of changing climate and the increased severity and frequency of weather events.*** The California Utilities agree that liability rules need to be updated. California is an outlier in imposing no-fault strict liability on both investor-owned and publicly-owned utilities whereby a utility is liable for damages even if it adhered to all established safety and maintenance standards. The current system is unsustainable in the face of increasingly severe and frequent weather extremes. We support efforts to update the liability standard for all electric utilities subject to inverse condemnation to a standard that does not assign liability without fault. Updating the liability standard is essential to ensure that California’s utilities can continue to provide affordable and reliable service. In connection with these efforts, the current unsustainable cost recovery approach should also be updated to minimize impacts to our customers.

Utilities are also among the state’s largest employers providing significant economic investment in local communities. As environmental leaders have noted², we are also key enablers of the state’s clean energy future. For example, achieving the state’s greenhouse gas and clean energy goals depends on the utilities’ investments in the grid and increasing their use of renewable energy resources under existing state policy. The health of all California’s utilities is important to the state as a whole – and the application of liability without fault threatens the health of all utilities. These developments have real impacts on our customers.

We are committed to fighting climate change and reducing the risk of wildfires. The challenges before us cannot be solved by the California Utilities alone and requires a comprehensive set of solutions developed in partnership with the state and other key stakeholders. We look forward to working with the Legislature and the Governor’s Office to bring the principles you have crafted to life.

California needs immediate leadership that is supported by a broad coalition of stakeholders. Together we can deliver workable solutions that can save lives and protect our homes, our businesses, our environment, and our economy.

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² Leaders from NRDC, the Nature Conservancy, and Ceres.

See link: <https://www.nrdc.org/experts/ralph-cavanagh/avoiding-another-type-electricity-crisis>