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AB-111 Wildfire agencies: public utilities: safety and insurance. (2019-2020)

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Assembly Bill No. 111

CHAPTER 81

An act to amend Section 11552 of, to add Chapter 16 (commencing with Section 8899.70) to Division 1 of Title 2 of, and to add Part 7.3 (commencing with Section 15470) to Division 3 of Title 2 of, the Government Code, to amend Sections 10089.6 and 10089.7 of, and to add Section 10089.55 to, the Insurance Code, and to add Section 326 to, and to repeal and add Section 326.1 of, the Public Utilities Code, relating to wildfire agencies, and making an appropriation therefor, to take effect immediately, bill related to the budget.

[Approved by Governor July 12, 2019. Filed with Secretary of State July 12, 2019.]

LEGISLATIVE COUNSEL'S DIGEST

AB 111, Committee on Budget. Wildfire agencies: public utilities: safety and insurance.

Existing law establishes various programs for the prevention, detection, and mitigation of wildfires. Other existing law establishes the California Earthquake Authority (CEA), administered under the authority of the Insurance Commissioner, to transact insurance in this state as necessary to sell policies of basic residential earthquake insurance.

This bill would create in state government the California Catastrophe Response Council to oversee the CEA and the Wildfire Fund Administrator, who this bill would require the council to appoint. The council would be composed of the Governor, the Treasurer, the commissioner, and the Secretary of the Natural Resources Agency, or their designees, and 3 members of the public appointed by the Governor, one member appointed by the Senate Committee on Rules, and one member appointed by the Speaker of the Assembly, who would serve 4-year staggered terms.

Existing law establishes in state government the Natural Resources Agency, consisting of various departments, under the supervision of the Secretary of the Natural Resources Agency.

This bill would establish the Office of Energy Infrastructure Safety within the Natural Resources Agency under the supervision of a director appointed by the Governor. The bill would provide that, on and after July 1, 2021, the office is the successor to, and is vested with, all of the duties, powers, and responsibilities of the Wildfire Safety Division described below.

The California Constitution establishes the Public Utilities Commission and authorizes the commission to exercise ratemaking and rulemaking authority over all public utilities, as defined, subject to control by the Legislature. The Public Utilities Act authorizes the commission to supervise and regulate every public utility, including electrical corporations, and to do all things that are necessary and convenient in the exercise of that power and jurisdiction.

This bill would require the commission, on or before January 1, 2020, to establish the Wildfire Safety Division within the commission. The bill would require the division to take specified actions related to wildfire safety.

This bill would establish the California Wildfire Safety Advisory Board consisting of 7 members appointed by the Governor, Speaker of the Assembly, and Senate Committee on Rules, as provided, who would serve 4-year staggered terms. The bill would require the board, among other actions, to advise and make recommendations related to wildfire safety to the division.

This bill would appropriate \$47,600,000 from the Public Utilities Commission Utilities Reimbursement Account and \$2,500,000 from the Public Utilities Commission Public Advocate's Office Account to the commission for the purpose fulfilling its duties under this act.

This bill would repeal Section 326.1 of the Public Utilities Code as added by AB 1054 of the 2019–20 Regular Session.

This bill would become operative only if AB 1054 of the 2019–20 Regular Session becomes effective before January 1, 2020.

This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

Vote: majority Appropriation: yes Fiscal Committee: yes Local Program: no

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Chapter 16 (commencing with Section 8899.70) is added to Division 1 of Title 2 of the Government Code, to read:

CHAPTER 16. California Catastrophe Response Council

8899.70. (a) There is hereby created in state government the California Catastrophe Response Council to oversee the California Earthquake Authority to the extent provided in Section 10089.6 of the Insurance Code and the Wildfire Fund Administrator.

(b) The council shall be composed of the following nine members.

- (1) The Governor or the Governor's designee.
- (2) The Treasurer or the Treasurer's designee.
- (3) The Insurance Commissioner or the Insurance Commissioner's designee.
- (4) The Secretary of the Natural Resources Agency or the secretary's designee.
- (5) Three members of the public appointed by the Governor.
- (6) A member appointed by the Senate Committee on Rules.
- (7) A member appointed by the Speaker of the Assembly.

(c) The members appointed by the Senate Committee on Rules, the Speaker of the Assembly, and the three members appointed by the Governor shall have four-year staggered terms. The Governor's initial appointees shall serve two-year terms.

(d) Until a majority of the council is appointed, the governing board of the California Earthquake Authority shall assume the authorities and duties of the council.

8899.71. For purposes of conducting the business of the council, a quorum shall be five members.

8899.72. The council shall appoint the Wildfire Fund Administrator and oversee the administrator's operation, management, and administration of the Wildfire Fund established pursuant to Section 3284 of the Public Utilities Code. The administrator shall have relevant experience in claims administration, the management of claims trusts, or other relevant experience. Until the administrator is appointed, the California Earthquake Authority shall exercise the powers of the administrator.

SEC. 2. Section 11552 of the Government Code is amended to read:

11552. (a) Effective January 1, 1988, an annual salary of eighty-five thousand four hundred two dollars (\$85,402) shall be paid to each of the following:

- (1) Commissioner of Business Oversight.
- (2) Director of Transportation.
- (3) Real Estate Commissioner.
- (4) Director of Social Services.

- (5) Director of Water Resources.
- (6) Director of General Services.
- (7) Director of Motor Vehicles.
- (8) Executive Officer of the Franchise Tax Board.
- (9) Director of Employment Development.
- (10) Director of Alcoholic Beverage Control.
- (11) Director of Housing and Community Development.
- (12) Director of Alcohol and Drug Programs.
- (13) Director of Statewide Health Planning and Development.
- (14) Director of the Department of Human Resources.
- (15) Director of Health Care Services.
- (16) Director of State Hospitals.
- (17) Director of Developmental Services.
- (18) State Public Defender.
- (19) Director of the California State Lottery.
- (20) Director of Fish and Wildlife.
- (21) Director of Parks and Recreation.
- (22) Director of Rehabilitation.
- (23) Director of the Office of Administrative Law.
- (24) Director of Consumer Affairs.
- (25) Director of Forestry and Fire Protection.
- (26) The Inspector General pursuant to Section 6125 of the Penal Code.
- (27) Director of Child Support Services.
- (28) Director of Industrial Relations.
- (29) Director of Toxic Substances Control.
- (30) Director of Pesticide Regulation.
- (31) Director of Managed Health Care.
- (32) Director of Environmental Health Hazard Assessment.
- (33) Director of California Bay-Delta Authority.
- (34) Director of California Conservation Corps.
- (35) Director of Technology.
- (36) Director of Emergency Services.
- (37) Director of the Office of Energy Infrastructure Safety.

(b) The annual compensation provided by this section shall be increased in any fiscal year in which a general salary increase is provided for state employees. The amount of the increase provided by this section shall be comparable to, but shall not exceed, the percentage of the general salary increases provided for state employees during that fiscal year.

SEC. 3. Part 7.3 (commencing with Section 15470) is added to Division 3 of Title 2 of the Government Code, to read:

PART 7.3. California Energy Infrastructure Safety Act

15470. (a) The state has long recognized the critical nature of its energy and communication infrastructure, in its importance in driving the engine of the state's prosperity, in the hardships placed on the state's residents in the absence of the services the infrastructure provides, and in the devastation that can occur when the operators of the infrastructure lose operational control of the infrastructure. To ensure that the operations of energy and communication infrastructure within the state will be managed adequately, the Legislature finds and declares all of the following are necessary:

- (1) To provide for a state office to be known and referred to as the Office of Energy Infrastructure Safety, within the Natural Resources Agency, and to prescribe the powers and duties of the director of that office.
- (2) To provide for the coordination of functions among state entities with jurisdiction over other functions of the state's energy and communication service providers.
- (3) To authorize the establishment of such organizations and the taking of such actions as are necessary and proper to carry out the provisions of this part.

(b) It is further declared to be the purpose of this part and the policy of this state that all environmental, health, and safety functions of this state shall be coordinated as far as possible with the comparable functions of its political subdivisions, of the federal government, including its various departments and agencies, of other states, and of private agencies of every type, to the end that the most effective use may be made of all manpower, resources, and facilities in managing the environmental, health, and safety of energy and communication infrastructure in the state.

15471. This part may be cited as the "California Energy Infrastructure Safety Act."

15472. For purposes of this part:

- (a) "Director" means the Director of the Office of Energy Infrastructure Safety.
- (b) "Office" means Office of Energy Infrastructure Safety.

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 such acts, the rendition of such services, and the affording of such facilities as may be necessary and proper.
- (2) Do such 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.

15474. Nothing in this part shall operate to prevent the office from formally recognizing committees or boards established by or with segments of the private sector, public agencies, or both the private sector and public agencies, that control facilities, resources, or the provision of services essential to the operation of energy or communication infrastructure.

15475. The office is the successor to, and, effective July 1, 2021, is vested with, all of the duties, powers, and responsibilities of the Wildfire Safety Division, including, but not limited to, the power to compel information and conduct investigations. All laws prescribing the duties, powers, and responsibilities of the Wildfire Safety Division to which the office succeeds, together with all lawful rules and regulations established under those laws, are expressly continued in force.

15476. The Public Utilities Commission and the office shall enter into a memorandum of understanding to cooperatively develop consistent approaches and share data related to electric infrastructure safety. The commission and the office shall share results from various safety activities, including relevant inspections and regulatory development.

SEC. 4. Section 10089.6 of the Insurance Code is amended to read:

10089.6. (a) (1) There is hereby created the California Earthquake Authority, which shall be administered and governed by the governing board described in Section 10089.7 under the authority of the commissioner and overseen by the California Catastrophe Response Council solely with regard to any administrative or support services the authority may provide to, or for the benefit of, the Wildfire Fund created pursuant to Section 3284 of the Public Utilities Code or the Wildfire Fund Administrator created pursuant to Section 8899.72 of the Government Code. All other businesses or activities of the authority unrelated to the Wildfire Fund shall be governed solely by the board. The authority shall have the powers conferred by this chapter. The authority shall be authorized to transact insurance in this state as necessary to sell policies of basic residential earthquake insurance in the manner set forth in Sections 10089.26, 10089.27, and 10089.28. The authority shall have no authority to transact any other type of insurance business.

(2) The authority shall be authorized to exercise the powers of the Wildfire Fund Administrator as provided in Section 3281 of the Public Utilities Code until the appointment of the administrator by the council.

(b) (1) The investments of the authority shall be limited to those securities eligible under Section 16430 of the Government Code.

(2) The rights, obligations, and duties owed by the authority to its insureds, beneficiaries of insureds, and applicants for insurance shall be the same as the rights, obligations, and duties owed by insurers to its insureds, beneficiaries of insureds, and applicants for insurance under common law, regulations, and statutes. The authority shall be liable to its insureds, beneficiaries of insureds, and applicants for insurance as an insurer is liable to its insureds, beneficiaries of insureds, and applicants for insurance under common law, regulations, and statutes.

(c) The operating expenses of the authority shall be capped at not more than 6 percent of the premium income received by the authority. The funds shall be available to pay any advocacy fees awarded in a proceeding under subdivision (c) of Section 10089.11.

(d) For purposes of this section, the term "operating expenses of the authority" excludes solely the following:

(1) The costs of and transaction expenses associated with risk-transfer purchases, including the purchase of reinsurance and with capital-market contracts.

(2) The expense of securing and repaying bonds.

(3) The cost of repayment of bonds guaranteed, insured, or otherwise backed by any department or agency of the United States or of this state, or by any private entity.

(4) Payments to third parties for all of the following services provided to the authority:

(A) Investment.

(B) Loss-modeling.

(C) Legal services.

(5) Costs associated with the authority's efforts to acquaint the public with and market authority products, promote earthquake preparedness, and earthquake-loss mitigation under the authority's duly adopted strategic plan.

(6) Producer compensation.

(7) Participating insurer fees and reimbursement amounts arising under written contracts.

(8) Amounts paid by the authority to support research in seismic science and seismic engineering.

(9) Loans, grants, and expenses to support and maintain the authority's earthquake loss-mitigation goals and programs, whether conducted by the authority alone or in collaboration with or by other persons.

(10) The costs of and loss-adjustment expenses associated with adjusting and paying policyholder claims for earthquake losses that are incurred by the authority under its earthquake insurance policies, including all costs and expenses associated with claim-related litigation, provided that all of those costs and expenses shall be reported to the Legislature in the manner required by subdivision (e) of Section 10089.13.

(11) Any cost incurred to provide administrative services and other support to or for the benefit of the Wildfire Fund created pursuant to Section 3284 of the Public Utilities Code, which cost shall be borne by the Wildfire Fund.

(e) The board may authorize the authority to contract with the Wildfire Fund created under Section 3284 of the Public Utilities Code to provide services and other support as the Wildfire Fund may require.

SEC. 5. Section 10089.7 of the Insurance Code is amended to read:

10089.7. (a) The authority shall be governed by a three-member governing board consisting of the Governor, the Treasurer, and the Insurance Commissioner, each of whom may name designees to serve as board members in their place. The Speaker of the Assembly and the Chairperson of the Senate Committee on Rules shall serve as nonvoting, ex officio members of the board, and may name designees to serve in their place.

(b) The board shall be advised by an advisory panel whose members shall be appointed by the Governor, except as provided in this subdivision. The advisory panel shall consist of four members who represent insurance companies that are licensed to transact fire insurance in the state, two of whom shall be appointed by the commissioner, two licensed insurance agents, one of whom shall be appointed by the commissioner, and three members of the public not connected with the insurance industry, at least one of whom shall be a consumer representative. In addition, the Speaker of the Assembly, and the Chairperson of the Senate Committee on Rules may each appoint one member of the public not connected with the insurance industry. Panel members shall serve for four-year terms, which may be staggered for administrative convenience, and panel members may be reappointed. The commissioner shall be a nonvoting, ex officio member of the panel and shall be entitled to attend all panel meetings, either in person or by representative.

(c) The board shall have the power to conduct the affairs of the authority and may perform all acts necessary or convenient in the exercise of that power. Without limitation, the board may: (1) employ or contract with officers and employees to administer the authority; (2) retain outside actuarial, geological, and other professionals; (3) enter into other obligations relating to the operation of the authority; (4) invest the moneys in the California Earthquake Authority Fund; (5) obtain reinsurance and financing for the authority as authorized by this chapter; (6) contract with participating insurers to service the policies of basic residential earthquake insurance issued by the authority; (7) issue bonds payable from and secured by a pledge of the authority of all or any part of the revenues of the authority to finance the activities authorized by this chapter and sell those bonds at public or private sale in the form and on those terms and conditions as the Treasurer shall approve; (8) pledge all or any part of the revenues of the authority 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 of debt service on any bond of the authority; (9) employ and compensate bond counsel, financial consultants, and other advisers determined necessary by the Treasurer in connection with the issuance and sale of any bonds; (10) issue or obtain from any department or agency of the United States or of this state, or any private company, any insurance or guarantee of liquidity or credit facility determined to be appropriate by the Treasurer to provide for the payment of debt service on any bond of the authority; (11) engage the commissioner to collect revenues of the authority; (12) issue bonds to refund or purchase or otherwise acquire bonds on terms and conditions as the Treasurer shall approve; (13) exercise the powers of the California Catastrophe Response Council created in Section 8899.70 of the Government Code until a majority of the council members are appointed; and (14) perform all acts that relate to the function and purpose of the authority, whether or not specifically designated in this chapter.

(d) The authority shall reimburse board and panel members for their reasonable expenses incurred in attending meetings and conducting the business of the authority.

(e) (1) There shall be a limited civil immunity and no criminal liability in a private capacity, on account of any act performed or omitted or obligation entered into an official capacity, when done or omitted in good faith and without intent to defraud, on the part of the board, the panel, or any member of either, or on the part of any officer, employee, or agent of the authority. This provision shall not eliminate or reduce the responsibility of the authority under the covenant of good faith and fair dealing.

(2) In any claim against the authority based upon an earthquake policy issued by the authority, the authority shall be liable for any damages, including damages under Section 3294 of the Civil Code, for a breach of the covenant of good faith and fair dealing by the authority or its agents.

(3) In any claim based upon an earthquake policy issued by the authority, the participating carrier shall be liable for any damages for a breach of a common law, regulatory, or statutory duty as if it were a contracting insurer. The authority shall indemnify the participating carrier from any liability resulting from the authority's actions or directives. The board shall not indemnify a participating carrier for any loss resulting from failure to comply with directives of the authority or from violating statutory, regulatory, or common law governing claims handling practices.

(4) A licensed insurer, its officers, directors, employees, or agents, shall not have any antitrust civil or criminal liability under the Cartwright Act (Part 2 (commencing with Section 16600) of Division 7 of the Business and Professions Code) by reason of its activities conducted in compliance with this chapter. Further, the California Earthquake Authority shall be deemed a joint arrangement established by statute to ensure the availability of insurance pursuant to subdivision (b) of Section 1861.03.

(5) Subject to Section 10089.21, this chapter shall not be construed to limit any exercise of the commissioner's power, including enforcement and disciplinary actions, or the imposition of fines and orders to ensure compliance with this chapter, the rules and guidelines of the authority, or any other law or rule applicable to the business of insurance.

(6) Except as provided in paragraph (3) and by any other provision of this chapter, liability on the part of, and a cause of action, shall not be permitted in law or equity against, any participating insurer for any earthquake loss to property for which the authority has issued a policy unless the loss is covered by an insurance policy issued by the participating insurer. A policy issued by the authority shall not be deemed to be a policy issued by a participating insurer.

(f) The Attorney General, in the Attorney General's discretion, shall provide a representative of the Attorney General's office to attend and act as antitrust counsel at all meetings of the panel. The Attorney General shall be compensated for legal service rendered in the manner specified in Section 11044 of the Government Code.

(g) The authority may sue or be sued and may employ or contract with that staff and those professionals the board deems necessary for its efficient administration.

(h) (1) The authority may contract for the services of a chief executive officer, a chief financial officer, a chief mitigation officer, and an operations manager, and may contract for the services of reinsurance intermediaries, financial market underwriters, modeling firms, a computer firm, an actuary, an insurance claims consultant, counsel, and private money managers. These contracts shall not be subject to otherwise applicable provisions of the Government Code and the Public Contract Code, and for those purposes, the authority shall not be considered a state agency or other public entity. Other employees of the authority shall be subject to civil service provisions.

(2) When the authority hires multiple private money managers to manage the assets of the California Earthquake Authority Fund, other than the primary custodian of the securities, the authority shall consider small California-based firms who are qualified to manage the money in the fund. The purpose of this provision is to prevent the exclusion of small qualified investment firms solely because of their size.

(i) Members of the board and panel, and their designees, and the chief executive officer, the chief financial officer, the chief mitigation officer, and the operations manager of the authority shall be required to file financial disclosure statements with the Fair Political Practices Commission. The appointing authorities for members and designees of the board and panel shall, when making appointments, avoid appointing persons with conflicts of interest. Section 87406 of the Government Code, the Milton Marks Postgovernment Employment Restrictions Act of 1990, shall apply to the authority. Members of the board, the chief financial officer, the chief executive officer, the chief operations manager, the chief counsel, and any other person designated by the authority shall be deemed to be designated employees for the purpose of that act. In addition, no member of the board, nor the chief financial officer, the chief executive officer, the chief operations manager, and the chief counsel, shall, upon leaving the employment of the authority, seek, accept, or enter into employment or a consulting or other contractual arrangement for the period of one year with any employer or entity that entered into a participating agreement, or a reinsurance, bonding, letter of credit, or private capital markets contract with the authority during the time the employee was employed by the authority, which that member or employee had negotiated or approved, or participated in negotiating. A violation of these provisions shall be subject to enforcement pursuant to Chapter 11 (commencing with Section 91000) of Title 9 of the Government Code.

(j) The board shall establish the duties of, and give direction to, the chief mitigation officer, to support and enhance the authority's appropriate efforts to create and maintain all of the following:

(1) Program activities that mitigate against seismic risks, for the benefit of homeowners, other property owners, including landlords with smaller holdings, and the general public of the state.

(2) Collaboration with academic institutions, nonprofit entities, and commercial business entities in joint efforts to conduct mitigation-related research and educational activities, and conduct program activities to mitigate against seismic risk.

(3) Programs to provide financial assistance in the form of loans, grants, credits, rebates, or other financial incentives to further efforts to mitigate against seismic risk, including, but not limited to, structural and contents retrofitting of residential structures.

(4) Collaborations and joint programs with subdivisions and programs of local, state, and federal governments and with other national programs that may further California's disaster preparedness, protection, and mitigation goals.

(5) Other programs, support efforts, and activities deemed appropriate by the board to further the authority's appropriate mitigation and mitigation-related goals.

(k) The authority may accept grants and gifts of property, real or personal, tangible and intangible, and services for the Earthquake Loss Mitigation Fund, created pursuant to Section 10089.37, or the related residential retrofit program from federal, state, and local government sources and private sources.

(l) The Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) applies to meetings of the board and the panel.

SEC. 6. Section 10089.55 is added to the Insurance Code, to read:

10089.55. The board shall conduct the affairs of the authority with respect to transacting earthquake insurance, including administering the California Earthquake Authority Fund. Except as provided in paragraph (2) of subdivision (a) of Section 10089.6, the board has no authority to administer the Wildfire Fund. At every meeting of the board, the board shall post an agenda that clearly identifies the meeting as relating to the business of earthquake insurance.

SEC. 7. Section 326 is added to the Public Utilities Code, to read:

326. (a) By January 1, 2020, the commission shall establish the Wildfire Safety Division within the commission, located in Sacramento, California. The Wildfire Safety Division shall do all of the following:

(1) Oversee and enforce electrical corporations' compliance with wildfire safety pursuant to Chapter 6 (commencing with Section 8385) of Division 4.1.

(2) In consultation with the California Wildfire Safety Advisory Board, develop and recommend to the commission performance metrics to achieve maximum feasible risk reduction to be used to develop the wildfire mitigation plan and evaluate an electrical corporation's compliance with 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 program for wildfire mitigation plan compliance by each electrical corporation.

(4) Consult with the Office of Emergency Services in the office's management and response to utility public safety power shutoff events and utility actions for compliance with public safety power shutoff program rules and regulations.

(5) 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.

(6) Retain appropriate staff that includes experts in wildfire, weather, climate change, emergency response, and other relevant subject matters.

(7) 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.

(b) Effective July 1, 2021, all functions of the Wildfire Safety Division shall be transferred to the Office of Energy Infrastructure Safety established pursuant to Section 15473 of the Government Code.

SEC. 8. Section 326.1 is added to the Public Utilities Code, to read:

326.1. (a) There is hereby established the California Wildfire Safety Advisory Board. The board shall advise the Wildfire Safety Division established pursuant to Section 326.

(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 no less often than 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 reimbursement account and shall be part of the budget of the commission. The commission shall consult with the board in the preparation of this portion of the commission'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. 9. The amount of forty-seven million six hundred thousand dollars (\$47,600,000) is hereby appropriated from the Public Utilities Commission Utilities Reimbursement Account and two million five hundred thousand dollars (\$2,500,000) from the Public Utilities Commission Public Advocate's Office Account to the Public Utilities Commission for the purpose fulfilling its duties under this act.

SEC. 10. Section 326.1 of the Public Utilities Code, as added by Assembly Bill 1054 of the 2019–20 Regular Session, is repealed.

SEC. 11. This bill shall become operative only if Assembly Bill 1054 of the 2019–20 Regular Session becomes effective before January 1, 2020.

SEC. 12. This act is a bill providing for appropriations related to the Budget Bill within the meaning of subdivision (e) of Section 12 of Article IV of the California Constitution, has been identified as related to the budget in the Budget Bill, and shall take effect immediately.