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**ACR-78 Public utilities: Pacific Gas and Electric Company: bankruptcy.** (2019-2020)

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**Assembly Concurrent Resolution No. 78**

**CHAPTER 144**

Relative to public utilities.

[ Filed with Secretary of State September 09, 2019. ]

**LEGISLATIVE COUNSEL'S DIGEST**

ACR 78, Holden. Public utilities: Pacific Gas and Electric Company: bankruptcy.

This measure would provide that the pending Pacific Gas and Electric Company and Pacific Gas and Electric Corporation Chapter 11 bankruptcy proceedings, and any resolution thereof, must protect the citizens of California from the imminent and ongoing threats posed by climate change, the buildup of fuels, and inadequate electrical infrastructure. The measure would provide that it is the will of the Legislature that the Public Utilities Commission, in filings with the bankruptcy court overseeing the proceedings, promote certain policy goals relating to Pacific Gas and Electric Company, the electrical and gas systems, and victims of wildfires, and communicate the proceedings' profound and direct impacts on the people of California. The measure would provide that it is the will of the Legislature that all Pacific Gas and Electric Company executive compensation be restricted based upon strict compliance with safety and reliability laws and that the company reconstitute its board as specified.

Fiscal Committee: yes

WHEREAS, Pacific Gas and Electric Company, a subsidiary of Pacific Gas and Electric Corporation, was incorporated in California in 1905, is based in the City and County of San Francisco, and is one of the largest combined natural gas and electricity companies in the United States; and

WHEREAS, Pacific Gas and Electric Company provides natural gas and electricity to approximately 16 million people throughout its 70,000 square-mile service territory that stretches from City of Eureka in the north to the City of Bakersfield in the south, and from the Pacific Ocean in the west to the Sierra Nevada mountain range in the east; and

WHEREAS, Stable, reasonable electricity rates and electrical grid reliability are critical to the economic well-being of Pacific Gas and Electric Company's residential and commercial customers and to California's economy; and

WHEREAS, The utility has approximately 24,000 employees and owns and manages approximately 106,681 circuit miles of electrical distribution lines, 18,466 circuit miles of interconnected electrical transmission lines, 42,141 miles of natural gas distribution pipelines, and 6,438 miles of natural gas transmission pipelines; and

WHEREAS, California wildfires in the years 2015, 2017, and 2018 and, in some situations, the operation of the electrical grid have caused historic losses of life and property, burned hundreds of thousands of acres, decimated entire towns, and destroyed thousands of homes; and

WHEREAS, Many victims of those wildfires suffered personal injuries and property losses, for which they were uninsured or underinsured, and lost family members and friends; and

WHEREAS, The reorganization of Pacific Gas and Electric Company, including its finances, could affect the ability of wildfire victims to recover damages associated with those fires that were caused by a failure of the company's electrical distribution or transmission lines; and

WHEREAS, On January 29, 2019, Pacific Gas and Electric Company and Pacific Gas and Electric Corporation filed voluntary bankruptcy petitions under Chapter 11 of the federal Bankruptcy Code in the United States Bankruptcy Court for the Northern District of California; and

WHEREAS, Those Chapter 11 bankruptcy proceedings are of profound concern to the State of California and its citizens; and

WHEREAS, The reorganization of Pacific Gas and Electric Company may cause the court to prioritize competing financial obligations and interests, which could jeopardize the state's safety, energy reliability, climate change goals, and related programs; and

WHEREAS, California has established programs and mandates to mitigate the existential threat posed by climate change, which must be adhered to throughout the bankruptcy proceedings and must not be interrupted during any resulting reorganization, including, but not limited to, mandatory energy efficiency, demand response, renewable energy, and resource adequacy programs and California's other environmental mandates and goals; and

WHEREAS, In accordance with bankruptcy law, Pacific Gas and Electric Company must be in compliance with state law throughout the duration of its bankruptcy proceeding; and

WHEREAS, Pacific Gas and Electric Company and other electrical corporations and gas corporations in the state are regulated by the Public Utilities Commission, which is established in the California Constitution; and

WHEREAS, The commission has the authority to fix rates, establish rules, examine records, issue subpoenas, take testimony, punish for contempt, and prescribe a uniform system of accounts for all public utilities subject to its jurisdiction; and

WHEREAS, The commission has the right to approve or disapprove of rates and the sale of assets, serves as California's principal representative in the bankruptcy proceedings, and is required to enforce the law; now, therefore, be it

Resolved by the Assembly of the State of California, the Senate thereof concurring, That the pending Pacific Gas and Electric Company and Pacific Gas and Electric Corporation Chapter 11 bankruptcy proceedings, and any resolution thereof, must protect the citizens of California from the imminent and ongoing threats posed by climate change, the buildup of fuels, and inadequate electrical infrastructure, which have resulted in bigger and deadlier wildfires that have already caused historic losses of life and property, burned hundreds of thousands of acres, decimated entire towns, and destroyed thousands of homes; and be it further

Resolved, That it is the will of the Legislature that the Public Utilities Commission and any other representatives of the State of California, in filings with the United States Bankruptcy Court for the Northern District of California in the Pacific Gas and Electric Company's Chapter 11 bankruptcy proceeding, ensure that damages to victims of wildfires for which the Pacific Gas and Electric Company is determined to be responsible are resolved promptly and equitably; and be it further

Resolved, That it is the will of Legislature that the commission, in filings with the court, support Pacific Gas and Electric Company's rank and file employees who must continue to receive wages and benefits so that they can support energy delivery and protect the safety of California communities; and be it further

Resolved, That it is the will of the Legislature that all Pacific Gas and Electric Company executive compensation be restricted based upon strict compliance with safety and reliability laws, including Senate Bill 901 (Chapter 626 of the Statutes of 2018); and be it further

Resolved, That it is the will of the Legislature that Pacific Gas and Electric Company prioritize the interests of the people of California by reconstituting its board with a majority of Californians who have experience as regulators, safety experts, and clean energy leaders, and that any new board member should be resolved to change the culture of the company, understand the concerns of ratepayers, and demonstrate a commitment to the fair treatment of wildfire victims and employees; and be it further

Resolved, That it is the will of the Legislature that the commission and any other representative of the State of California, in filings with the court, communicate the proceedings' profound and direct impacts on the people of California and the need for stable electricity markets; and be it further

Resolved, That it is the will of the Legislature that the commission, in filings with the court, ensure that the safety and reliability of the electrical and gas systems are paramount, the rates for electrical and gas service remain stable and reasonable, the

deployment and use of energy resources are consistent with the goal of achieving California's environmental mandates and goals, and any related energy contracts are honored; and be it further

Resolved, That the Chief Clerk of the Assembly transmit copies of this resolution to the Governor of the State of California, the United States Bankruptcy Court for the Northern District of California, the state Attorney General, the commission, and to the author for appropriate distribution.