SUSTAINABLE WILDFIRE FUND

Updating California's Wildfire Fund is Critical to Help Victims and Communities Recover, Now & In the Future

More Frequent and Destructive Fires Require Proactive Solutions

Background

Extreme weather is fueling more frequent, destructive and costly wildfires. In response, the state legislature passed Assembly Bill 1054 in 2019, protecting victims by creating the California Wildfire Fund to help utilities pay eligible claims from a covered wildfire where utility equipment was involved. The state's three investor-owned utilities (IOUs) contributed more than $10.5 billion to the Fund. The other half is funded through a roughly $2.50 monthly charge on IOU customer electric utility bills through 2035. AB 1054 also established new accountability requirements for the state's investor-owned utilities to implement more comprehensive wildfire mitigation plans – including tree trimming and brush clearing, grid hardening, and enhanced inspection programs.

Why We Need to Strengthen the Wildfire Fund

January's Southern California wildfires and the threat of even more intense and costly future wildfires have raised questions about whether the Fund is sufficient. The scale, intensity and frequency of these wildfires are too large for any single community or company to manage alone. **The legislature must update and strengthen the Fund to:**

Protect wildfire victims

- We must create a mechanism to replenish the Fund so that additional resources are available for victim compensation and community rebuilding in the future.

Protect electricity customers from higher electric rates

- Without a financially viable Fund, customers could have to cover all wildfire liabilities where utility equipment is involved when the utility has acted prudently in maintaining and operating its equipment.
- This significant open-ended liability threatens utility credit ratings and raises borrowing costs for electric system upgrades – higher costs ultimately paid by customers.
- **In fact, the current uncertainty regarding the future of the Fund, if left unmitigated, is estimated to cost consumers billions more in higher electric bills**.
- And under the plan, utility customer contributions are capped – so customers will not pay more monthly for the Fund than they pay today.

Strong accountability for investor-owned utilities and their Wildfire Mitigation Plans

- Utilities have contributed more than $10.5 billion to the Fund and would pay billions more under this plan to replenish the Fund for the future.
- Furthermore, utilities must continue to be held accountable for implementing aggressive wildfire mitigation plans to reduce wildfire risk from their equipment.
- In order to access the benefits of AB 1054, a utility must maintain a valid Safety Certificate with the Office of Energy Infrastructure Safety.
- To the extent it is concluded that a utility acted unreasonably in operating equipment that is determined to have caused a fire, the utility may be required to reimburse the Fund.

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Protect Victims. Protect Electricity Customers. Strengthen the State Wildfire Fund.