



235 Montgomery St., Ste. 760, San Francisco, CA 94104
tel: 415.352.4520 • fax: 415.392.0485
sfchamber.com • twitter: @sf_chamber

July 17, 2018

The Honorable Ben Hueso, Chair
Senate Committee on Energy, Utilities & Communications
State Capitol, Room 4035
Sacramento, CA 94249-0001

RE: AB 33 (Quirk) - Support

Dear Chairman Hueso,

The San Francisco Chamber of Commerce, representing the interests of thousands of local businesses, urges you to support Assembly Bill 33. This bill allows Pacific Gas & Electric Company, upon approval from the CPUC, to issue low-cost securitized bonds to ensure timely compensation for victims of the 2017 northern California wildfires, while avoiding dramatic increases to customer rates.

As climate change increases the number and intensity of extreme weather events such as drought, high winds, low humidity and heatwaves, California must grapple with the increased risk and growing liability of these events. According to a recent [study](#) by the Pew Charitable Trust, eight of the most expensive years for FEMA occurred in the last decade. For the 2017 wildfires alone, potential damage claims are estimated in the billions of dollars. Should the cost of claims be passed through to customers via the traditional ratemaking processes, the impact would be especially challenging for businesses already facing high operating costs.

AB 33 reduces the potential impact of these increases by calling upon the established practice of issuing securitization bonds, which take advantage of low-cost financing methods and require approval from the California Public Utilities Commission (CPUC). AB 33 would not shift costs associated with negligence or wrongdoing onto customers and the bill clearly provides for the CPUC to review and reject any utility costs that are not just and reasonable.

Utilities in states across the nation have used securitized bonds to access low-interest bonds in the wake of disasters. The low borrowing costs associated with the bonds means that ratepayers will save money when compared to other financing options. Importantly, there are many consumer protections in the bill such as support for low-income customers and shareholder contributions to be determined by the CPUC through the normal course.

The State of California must grapple with uncertainty related to extreme-weather risk, while also ensuring that rates remain affordable. This bill presents a prudent first step and we urge your support of AB 33.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Lazarus".

Jim Lazarus
Senior Vice President, Public Policy
San Francisco Chamber of Commerce

cc: Assemblymember Bill Quirk; Members, Senate Energy, Utilities and Communications Committee; The Honorable Anthony Cannella; The Honorable David Chiu; The Honorable Bill Dodd; The Honorable Hannah-Beth Jackson; The Honorable Jeff Stone; The Honorable Brian Dahle; The Honorable Chris Holden; The Honorable Chad Mayes; The Honorable Eloise Reyes; The Honorable Phil Ting; The Honorable Scott Wiener; The Honorable Jim Wood; Kip Lipper, Office of the President pro Tempore; Gabrielle Zeps, Office of the Speaker; Catalina Hayes-Bautista, Office of the Governor; Kellie Smith, Assembly Utilities and Energy Committee