



OFFICE OF THE GOVERNOR

October 14, 2019

President Marybel Batjer
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Dear President Batjer,

Thank you for your swift response to my request that the California Public Utilities Commission (CPUC) immediately conduct a comprehensive inquiry and review into the public safety power shutoff (PSPS) implemented last week by Pacific Gas and Electric (PG&E), the state's largest investor-owned utility.

The scope and duration of this outage was unacceptable. It was the direct result of decades of PG&E prioritizing profit over public safety, mismanagement, inadequate investment in fire safety and fire prevention measures and neglect of critical infrastructure.

It was clear from the start that PG&E implemented this extraordinary measure with astounding neglect and lack of preparation. Approximately 738,000 customers in 35 counties endured extended power outages while PG&E struggled to implement their basic operation protocols, including notifications, customer services and communications.

A comprehensive review of this PSPS is critical so we can take concrete and expedited steps to both limit and focus the use of PSPS as a wildfire prevention tool in the future, certainly at this scope and duration. We must ensure there is accountability, especially when planning is poor or protocols are not followed.

I am proud of the residents of California who showed resourcefulness and resolve to lend a hand to their neighbors, making the best of the untenable situation last week. I am also appreciative of our state and local agencies, who mobilized emergency response personnel and other public servants to support residents and businesses during the outages, notably including the California Department of Technology who did extraordinary work to restore the PG&E website that included critical information for customers about PSPS.

In contrast, I am profoundly disappointed in PG&E. By their own admission they were not adequately prepared for the outages, which led to many serious missteps. This lack of preparation and poor performance is particularly alarming given that, prior to the event, PG&E responded to the scrutiny and questioning of multiple state and local agencies by asserting that it could handle a PSPS event without the need for additional assistance.

I know you fully appreciate the gravity of the hardship imposed on nearly two million Californians last week. I thank you in advance for your leadership to hold PG&E accountable. I am grateful that you are already preparing for heightened review of the incident and increased oversight of future conduct.

This work should build on the measures to prevent utility-caused wildfires and improve utility safety that were put in place by Assembly Bill 1054 (Holden), which I signed in July of this year. As you are aware, AB 1054 works together with the dramatic increased investments the state is making in wildfire prevention and response, requiring our investor-owned utilities to do the same. AB 1054's provisions include requirements to:

- Improve the investor-owned utilities' assessment of wildfire risk and match increased investments to risk reduction through the Wildfire Mitigation Plan process.
- Improve safety expertise, by creating a new wildfire safety division at the CPUC, which will transition to a separate Office of Energy Infrastructure Safety in the Natural Resources Agency in two years. (Combined with AB 111, AB 1054's companion bill)
- Create the California Wildfire Safety Advisory Board, a panel of world-class experts in wildfire risk and utility infrastructure, to advise the wildfire safety division to ensure the strongest possible standards are put in place, and the utilities are held to them.
- Ensure oversight of the utilities' plans, require utilities to invest in wildfire prevention and eliminate shareholder profit on \$5 billion of safety investments.
- Hold utilities to an increasingly stringent safety standard, which includes requirements to tie executive compensation to safety, safety culture improvements and direct reporting to the CPUC by members of the investor-owned utility boards of directors.

These important wildfire prevention steps are currently underway, but there is more to be done. To that end, I know the Commission will be:

- Conducting a comprehensive inquiry and review into the PSPS event, including planning, implementation and decision making process failures.

- Demanding additional accountability on progress of long overdue actions required under AB 1054 to make PG&E's infrastructure resilient to wildfires to avoid PSPS events. This oversight should include improved prioritization of upgrades to transmission lines and grid segmentation to avoid large-scale PSPS events in the future, including a timeline with near-term milestones.

In addition to these actions, the CPUC should require PG&E to evaluate additional steps it can take to assist residents, small businesses and critical providers with safe back-up power options, including back-up power for medical devices, to better withstand temporary outages.

I understand you will continue to coordinate closely with the Governor's Office of Emergency Services and the California Department of Forestry and Fire Protection. We are a creative, forward-looking state. The blunt, poorly executed application of PSPS does not match the ingenuity of our people.

Given the hardship for too many Californians caused by the poor execution of PSPS, I will be contacting PG&E's chief executive officer directly to urge him to provide affected customers an automatic credit or rebate of \$100 per residential customer and \$250 per small business.

I appreciate and commend the efforts you have already undertaken to implement AB 1054 and look forward to your anticipated rapid response to this PSPS event. Let's work together to ensure that this will NOT be the new normal for California.

Sincerely,



GAVIN NEWSOM
Governor
State of California