



To: RCRC Board of Directors
From: Staci Heaton, Regulatory Affairs Advocate
Date: April 16, 2019
Re: Forest Management and Wildfire Update

Summary

Several efforts are underway in the Legislature and various state and federal agencies to address California's persistent catastrophic wildfire events. This memo provides an update on many of those activities, as well as RCRC's involvement and advocacy efforts.

Background

California has experienced increased levels of wildfire risk and faster, more intense burning fires each year over the past decade due to years of mismanaged forests, combined with escalating impacts from climate change. Last year eclipsed the 2017 fire season, with the Camp Fire in Butte County now recorded as the most destructive wildfire in California State history, the Mendocino Complex Fire as the largest wildfire in modern history, and the Carr Fire destroying more than 1,000 homes and claiming six lives. The state is undertaking a number of actions designed to respond to California's increased fire activity in both the near and long-term.

Issue

Commission on Catastrophic Wildfire Cost and Recovery

Last Year, one of the outcomes of Senate Bill 901 (Dodd) was the formation of the Commission on Catastrophic Wildfire Cost and Recovery (Commission). The Commission was established under the Governor's Office of Planning and Research (OPR) to examine issues related to wildfires associated with utility infrastructure, as well as to make recommendations on how to equitably distribute costs among impacted parties such as utilities, fire victims, and ratepayers. The Commission held its first public meeting on February 25, 2019 and has met twice since to take public comment and hear testimony on a variety of issues related to wildfire, including homeowners insurance, wildfire liability, utility wildfire mitigation measures, and community needs around wildfire.

Prior to the Commission's April meeting, RCRC filed a detailed comment letter with the Commission (Attachment 1) outlining specific recommendations on various wildfire-related topics, including forest management and restoration, homeowners insurance, land use planning and development, utility liability, and wildfire mitigation plans. RCRC copied the letter with recommendations to the Governor, the Insurance Commissioner, the Secretary of Natural Resources, and the Secretary of the California Environmental

Protection Agency to reinforce the requests made in the letter. Subsequently, after its April meeting the Commission released an official request for written comments (Attachment 2), covering many areas RCRC's comment letter already addressed.

The Commission will hold at least one more public meeting and must submit its recommendations to the Governor and the Legislature by July 1, 2019.

Governor's Wildfires and Energy Report

At a press conference on Friday, April 12, 2019, Governor Gavin Newsom announced the release of "Wildfires and Climate Change: California's Energy Future" which addresses several issues surrounding utilities, energy, and wildfire (Attachment 3). The Governor formed a "strike team" in February to advise the state on PG&E's bankruptcy proceeding and gave the group 60 days to map out a plan to help ensure that ratepayers' service remains intact while wildfire victims get justice and ratepayers and employees remain protected. The new report addresses the bankruptcy and several other aspects of the major investor-owned utilities' responsibilities, including the need to mitigate wildfire ignition around utility equipment, liability and cost issues such as inverse condemnation reform, and how the utilities can meet their clean energy goals while expending resources on wildfire prevention efforts.

While the report identifies a number of possible pathways to distributing costs for utilities liability in wildfires, it refrains from recommending a specific model (such as a securitization scheme or inverse condemnation reform). Instead, the report recognizes the role of the Commission on Catastrophic Wildfire Cost and Recovery in making recommendations on how to ensure victims and ratepayers don't wind up bearing the liability cost burden.

The report, however, goes beyond just utility issues and reinforces the Governor's commitment to addressing many important forestry and wildfire areas RCRC has long advocated for, including the need for doing more to prevent wildfires through better forest resilience and management practices, fuels treatment, and wildfire prevention. The report also acknowledges the need to strengthen community resilience at the local level, address smart development and housing requirements in high fire risk areas, examine ways to decrease cost and increase availability of homeowners insurance, and ensuring mutual aid resources such as prepositioning, all of which RCRC has strongly supported both at the Legislature and with the Administration.

Homeowners Insurance

The Senate Insurance Committee has scheduled an informational hearing on access and affordability of homeowner's insurance in high fire risk areas for May 8, 2019. In the meantime, RCRC has invited representatives of the Legislature to brief the Executive Committee on what they plan to do to address the state's increasing insurance cancellation and non-renewal issues in the near-term. RCRC also filed a formal request, as part of the letter to the Commission on Catastrophic Wildfire Cost and Recovery, for the Insurance Commissioner to form an official working group with policyholders, local government representatives, and the insurance industry to try and work through the issues directly, with the Department of Insurance acting as a mediator. RCRC will continue to meet with the insurance industry directly, as well, to attempt to work through

the continuing insurance issues to try and come to a resolution, as well as seek additional legislative avenues.

Community Wildfire Prevention & Mitigation Report

The California Department of Forestry and Fire Protection (CAL FIRE) continues to work on implementation of its Community Wildfire Prevention & Mitigation Report as required by the Governor's Executive Order N-05-19. The report included thirty-five priority fuel reduction projects that the state is implementing immediately, and Governor Newsom held a press conference on March 22, 2019 to issue an emergency declaration allowing the suspension of CEQA review and some timber harvest requirements on these projects. Details on each priority fuel reduction project can be found on CAL FIRE's website: <http://www.fire.ca.gov/general/45-DayReport>

Forest Management Task Force

The newly appointed Director of the Governor's Forest Management Task Force (Task Force), Jennifer Montgomery, officially started in her new position on April 1, 2019, leading her first Task Force meeting on April 8, 2019. At that meeting, she announced that the Task Force would be skipping its May meeting in order to hold a "state agency only" meeting so that the state agencies could harmonize their policies and goals for what they would like to accomplish through the Task Force. Newly appointed Deputy Secretary for Forest Resource Management Jessica Morse also attended the meeting and announced that she had been meeting with environmental NGOs to develop best practices to help guide the work on the 35 priority projects being undertaken by CAL FIRE. However, she stressed that the best practices would not interfere with the work that needs to be accomplished. The next Task Force meeting is scheduled for June 10, 2019, with various subgroups meeting in the interim.

Staff Recommendation

RCRC will continue to update the RCRC Board of Directors on the state's activities on forest health and wildfire prevention as the Administration and Legislature continue to map out their plans for 2019.

Attachments

- RCRC Recommendation Letter to the Commission on Catastrophic Wildfire Cost and Recovery
- Commission on Catastrophic Wildfire Cost and Recovery Request for Comments
- "Wildfires and Climate Change: California's Energy Future," Report from Governor Newsom's Strike Force, April 12, 2019