

**Senate Bill No. 423**

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Passed the Senate August 31, 2006

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*Secretary of the Senate*

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Passed the Assembly August 28, 2006

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2006, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to add and repeal Section 395.5 of the Public Utilities Code, relating to electricity.

## LEGISLATIVE COUNSEL'S DIGEST

SB 423, Simitian. Electricity: charges: charitable organizations.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations. Existing law defines an “electric service provider” as an entity that offers electrical service to customers within the service territory of an electrical corporation, excluding electrical corporations, local publicly owned electric utilities, and certain cogenerators. Provisions of the existing Public Utilities Act restructuring the electrical services industry require that electric service providers register with the commission, and provide for the authorization of direct transactions between electric service providers and retail end-use customers. The act requires the commission, pursuant to electrical restructuring, to authorize and facilitate direct transactions between electricity suppliers and retail end-use customers. However, other existing law suspends the right of retail end-use customers other than community aggregators, as defined, to acquire service from certain electricity suppliers, after a period of time to be determined by the commission, until the Department of Water Resources no longer supplies electricity under that law.

This bill, until January 1, 2010, notwithstanding that suspension, would authorize a nonprofit charitable organization, as defined, to acquire electric commodity service through a direct transaction with an electric service provider if electric commodity service is donated free of charge without compensation. The bill would require the organization to pay for certain related costs.

*The people of the State of California do enact as follows:*

SECTION 1. The Legislature finds and declares both of the following:

(a) The donation of electric commodity service authorized by Section 395.5 of the Public Utilities Code is to be strictly limited to nonprofit charitable organizations serving the needs of the poor or elderly and shall not authorize or be precedent for any additional direct transactions.

(b) Nonprofit charitable organizations that receive free electric commodity service as a donation shall incur all nonbypassable charges and all other fees and costs, other than basic electric commodity costs, that are incurred by the bundled service customers of a load-serving entity.

SEC. 2. Section 395.5 is added to the Public Utilities Code, to read:

395.5. (a) For purposes of this section, the following terms have the following meanings:

(1) “Nonprofit charitable organization” means any charitable organization described in Section 501(c)(3) of the federal Internal Revenue Code that has as its primary purpose serving the needs of the poor or elderly.

(2) “Electric commodity” means electricity used by the customer or a supply of electricity available for use by the customer, and does not include services associated with the transmission and distribution of electricity.

(b) Notwithstanding Section 80110 of the Water Code, a nonprofit charitable organization may acquire electric commodity service through a direct transaction with an electric service provider if electric commodity service is donated free of charge without compensation.

(c) A nonprofit charitable organization that acquires donated electric commodity service through a direct transaction pursuant to this section shall be responsible for paying all of the following:

(1) Those charges and surcharges that would be imposed upon a retail end-use customer of a community aggregator pursuant to subdivisions (d), (e), (f), and (g) of Section 366.2.

(2) The transmission and distribution charges of an electrical corporation or a local publicly owned electric utility, as defined in Section 9604.

(3) A nonbypassable charge imposed pursuant to Article 7 (commencing with Section 381), Article 8 (commencing with Section 385), or Article 15 (commencing with Section 399).

(4) Costs imposed upon a load-serving entity pursuant to Section 380.

(d) Existing direct access rules and all service obligations otherwise applicable to electric service providers shall govern transactions under this section.

(e) This section shall remain in effect only until January 1, 2010, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2010, deletes or extends that date.







Approved \_\_\_\_\_, 2006

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*Governor*