

## Assembly Bill No. 918

### CHAPTER 239

An act to amend Section 829 of the Public Utilities Code, relating to public utilities.

[Approved by Governor September 26, 2007. Filed with  
Secretary of State September 26, 2007.]

#### LEGISLATIVE COUNSEL'S DIGEST

AB 918, Torrico. Public utilities: stocks and security transactions.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and authorizes the commission to fix the rates and charges for every public utility. The existing Public Utilities Act regulates stock and security transactions by public utilities, and prohibits a public utility from issuing stocks and stock certificates, or other evidence of interest or ownership, or bonds, notes, or other evidences of indebtedness payable at periods of more than 12 months, without first securing authorization to do so from the commission. The act exempts from the stock and security transaction provisions, with certain exceptions, persons delivering commodities for or to public utilities or municipal or other public corporations primarily for resale or use in serving the public or any portion of the public. The act authorizes the commission, by order or rule, to exempt any public utility or class of public utility from the stock and security transaction provisions if the commission finds that application of those provisions is not in the public interest.

This bill would provide that a telephone corporation that is not regulated under a rate-of-return regulatory structure, as defined, is exempt from the stock and security transaction provisions, but authorizes the commission to impose any stock and security transaction requirement if the commission finds, in a proceeding in which the telephone corporation is or may become a party, that application of the requirement is required by the public interest. A telephone corporation that is also an electrical corporation or a gas corporation would not be exempt from the stock and security transaction provisions unless the commission, by order or rule, exempts the telephone corporation upon finding that application of the stock and security transaction provisions to the telephone corporation is not in the public interest.

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

SECTION 1. Section 829 of the Public Utilities Code is amended to read:

829. (a) This article shall not apply to any person or corporation which transacts no business subject to regulation under this part, except performing services or delivering commodities for or to public utilities or municipal or other public corporations primarily for resale or use in serving the public or any portion thereof. This article shall apply to any public utility if the commission finds, in a proceeding to which the public utility is or may become a party, that the application of this article is required by the public interest.

(b) (1) Except for Section 828, a telephone corporation that is not regulated under a rate-of-return regulatory structure is exempt from this article. This subdivision does not exempt a telephone corporation that is also an electrical corporation or a gas corporation, unless the commission determines the telephone corporation is exempt pursuant to subdivision (c). As used in this subdivision, a “rate-of-return regulatory structure” means a system under which the rates and charges of the telephone corporation are limited by a maximum permissible price that may be charged for a specific service. Telephone corporations regulated by a framework under which they may exercise pricing flexibility for all or most of the services offered are not regulated under a rate-of-return regulatory structure.

(2) Notwithstanding paragraph (1), the commission may impose any requirement of this article on a telephone corporation if the commission finds, in a proceeding in which the telephone corporation is or may become a party, that the application of any provision of this article is required by the public interest.

(c) The commission may from time to time by order or rule, and subject to such terms and conditions as may be prescribed therein, exempt any public utility or class of public utility from this article if it finds that the application thereof to such public utility or class of public utility is not necessary in the public interest.