

ASSEMBLY BILL

No. 1517

Introduced by Assembly Member Jones

February 23, 2007

An act to add Section 758 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1517, as introduced, Jones. Public utilities: regulation of rates.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Under existing law, public utilities are required to bill their customers for various taxes imposed by public entities and remit the revenues from those taxes that are collected to the public entity. The existing Public Utilities Act provides that a public utility or other service supplier is not liable to any customer as a result of collecting the tax, and grants various rights to, and imposes various requirements on, public utilities and other service suppliers with respect to the imposition, repeal, or collection of those taxes.

This bill would require the commission to determine on an annual basis, the state and federal income taxes actually paid to the respective taxing authority by each public utility subject to the ratemaking authority of the commission, and to annually report that information to the Legislature and the Department of Finance. The bill would require that the commission include in rates only those expenses for income taxes actually paid to state and federal taxing authorities, except that the commission would be authorized to include in rates those income tax

reductions representing investment tax credits and accelerated depreciation, to the extent the amount of the credit or depreciation is invested by the public utility in facilities used and useful for providing utility service to customers of the utility.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

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

1 SECTION 1. Section 758 is added to the Public Utilities Code,
2 to read:

3 758. (a) The commission shall, on an annual basis, determine
4 the amount of state and federal income taxes actually paid to the
5 respective taxing authority by each public utility subject to the
6 ratemaking authority of the commission, and shall annually report
7 that information to the Legislature and the Department of Finance.
8 If a public utility is owned by another taxpayer and does not file
9 income tax returns or pay income taxes, the commission shall
10 determine and report any amounts paid by the public utility to the
11 owner of the public utility that represents the actual tax liabilities
12 resulting from the activities of the public utility.

13 (b) The commission shall include in rates only those expenses
14 for income taxes actually paid to state and federal taxing
15 authorities, except that the commission may include in rates those
16 income tax reductions representing investment tax credits and
17 accelerated depreciation, to the extent the amount of the credit or
18 depreciation is invested by the public utility in facilities used and
19 useful for providing utility service to customers of the utility.