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**Introduced by Senator Kehoe**

February 23, 2007

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An act to amend Section 727.5 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 814, as introduced, Kehoe. Water rates.

Existing law requires the Public Utilities Commission, in establishing rates for water service, to consider separate charges for costs associated with customer service, facilities, variable operating costs, including fixed and variable costs associated with supplying the water, or other components of the water service provided to water users.

This bill would make a technical, nonsubstantive change to this provision of law.

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

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

- 1 SECTION 1. Section 727.5 of the Public Utilities Code is  
2 amended to read:  
3 727.5. (a) ~~In~~*The commission, in* establishing rates for water  
4 service, ~~the commission~~ shall consider, and may establish, separate  
5 charges for costs associated with customer service, facilities,  
6 variable operating costs, including fixed and variable costs  
7 associated with supplying the water, or other components of the  
8 water service provided to water users.  
9 (b) The commission shall consider, and may authorize, a water  
10 corporation to assess a fee for future water service, or a reservation

1 charge for future water service, for persons or entities occupying  
2 or owning property within the service territory of the water  
3 corporation.

4 (c) The commission shall consider, and may authorize, a water  
5 corporation to establish a balancing account, rate stabilization  
6 fund, or other contingency fund, the purpose of which shall be the  
7 long-term stabilization of water rates.

8 (d) The commission shall consider, and may authorize, a water  
9 corporation to establish programs, including rate designs, for  
10 achieving conservation of water and recovering the cost of these  
11 programs through the rates.

12 (e) In establishing rates for recovery of the costs of used and  
13 useful water plant, the commission may utilize a capital structure  
14 and payback methodology that shall maintain the reliability of  
15 water service, shall minimize the long-term cost to ratepayers,  
16 shall provide equity between present and future ratepayers, and  
17 shall afford the utility an opportunity to earn a reasonable return  
18 on its used and useful investment, to attract capital for investment  
19 on reasonable terms and to ensure the financial integrity of the  
20 utility.