

**Introduced by Senator Leno**February 18, 2011

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An act to amend Sections 328 and 328.2 of, and to amend the heading of Chapter 2.2 (commencing with Section 328) of Part 1 of Division 1 of, the Public Utilities Code, relating to natural gas.

## LEGISLATIVE COUNSEL'S DIGEST

SB 705, as introduced, Leno. Natural gas: service and safety.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including gas corporations, 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. The Public Utilities Act authorizes the commission to ascertain and fix just and reasonable standards, classifications, regulations, practices, measurements, or services to be furnished, imposed, observed, and followed by specified public utilities, including gas corporations.

This bill would require each gas corporation that provides basic gas service to develop and implement a policy for the safe operation and maintenance of its gas plant, as defined, sufficient to prevent accidents, explosions, fires, and dangerous conditions, and to protect the public and its employees. The bill would require that the policy have priority over cost minimization considerations and be consistent with best practices in the gas industry and with federal pipeline safety statutes and regulations. The bill would require the commission to approve or revise and improve the policy by June 30, 2012. The bill would require that all revenues received by the gas corporation that are authorized by the commission for service and safety purposes, in furtherance of the policy, be expended by the gas corporation only for the purposes

authorized by the commission. The bill would require the commission to authorize a gas corporation to recover sufficient revenues and employee staffing to provide for prompt provision of service consistent with the policy in its distribution rate.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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

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

1 SECTION 1. The heading of Chapter 2.2 (commencing with  
2 Section 328) of Part 1 of Division 1 of the Public Utilities Code  
3 is amended to read:

4  
5 CHAPTER 2.2. NATURAL GAS ~~RESTRUCTURING~~ SAFETY AND  
6 SERVICE

7  
8 SEC. 2. Section 328 of the Public Utilities Code is amended  
9 to read:

10 328. The Legislature finds and declares ~~both~~ *all* of the  
11 following:

12 (a) In order to ensure that all core customers of a gas corporation  
13 continue to receive safe basic gas service ~~in a competitive market~~,  
14 each existing gas corporation ~~should~~ *shall* continue to provide this  
15 essential service.

16 (b) (1) *Each gas corporation that provides basic gas service*  
17 *shall develop and implement a policy for the safe operation and*  
18 *maintenance of its gas plant sufficient to prevent accidents,*  
19 *explosions, fires, and dangerous conditions, and to protect the*

1 *public and its employees. The policy shall have priority over cost*  
2 *minimization considerations and shall be consistent with best*  
3 *practices in the gas industry and with federal pipeline safety*  
4 *statutes (Chapter 601 (commencing with Section 60101) of Subtitle*  
5 *VIII of Title 49 of the United States Code) and the regulations*  
6 *adopted by the United States Department of Transportation*  
7 *pursuant to those statutes.*

8 *(2) The commission shall approve or revise and approve the*  
9 *policy developed and implemented by each gas corporation*  
10 *pursuant to paragraph (1) by June 30, 2012.*

11 ~~(b)~~  
12 *(c) (1) No A customer should have shall not be required to pay*  
13 *separate fees for utilizing services that protect public or customer*  
14 *safety.*

15 *(2) All revenues received by the gas corporation that are*  
16 *authorized by the commission for service and safety purposes, in*  
17 *furtherance of the policy developed and implemented by the gas*  
18 *corporation and approved by the commission pursuant to*  
19 *subdivision (b), shall be expended by the gas corporation only for*  
20 *the purposes authorized by the commission.*

21 *(d) The commission and gas corporation shall provide*  
22 *opportunities for full and on-going participation by public utility*  
23 *employees in the development and implementation of service and*  
24 *safety policy, with the objective of developing an industrywide*  
25 *culture of safety that will prevent accidents, explosions, fires, and*  
26 *dangerous conditions for the protection of the public and gas*  
27 *corporation employees.*

28 SEC. 3. Section 328.2 of the Public Utilities Code is amended  
29 to read:

30 328.2. (a) The commission shall require each gas corporation  
31 to provide bundled basic gas service to all core customers in its  
32 service territory unless the customer chooses or contracts to have  
33 natural gas purchased and supplied by another entity. ~~A~~

34 (b) A public utility gas corporation shall continue to be the  
35 exclusive provider of revenue cycle services to all customers in  
36 its service territory, except that an entity purchasing and supplying  
37 natural gas under the commission's existing core aggregation  
38 program may perform billing and collection services for its  
39 customers under the same terms as currently authorized by the  
40 commission, and except that a supplier of natural gas to noncore

1 customers may perform billing and collection for natural gas supply  
2 for its customers. ~~The~~

3 (c) *The* gas corporation shall continue to calculate its charges  
4 for services provided by that corporation. If the commission  
5 establishes credits to be provided by the gas corporation to core  
6 aggregation or noncore customers who obtain billing or collection  
7 services from entities other than the gas corporation, the credit  
8 shall be equal to the billing and collection services costs actually  
9 avoided by the gas corporation. ~~The~~

10 (d) *The* commission shall require the distribution rate to continue  
11 to include after-meter services *and shall authorize sufficient*  
12 *revenues and employee staffing to provide for prompt provision*  
13 *of these services to the public, consistent with the policy developed*  
14 *and implemented by the gas corporation and approved by the*  
15 *commission pursuant to subdivision (b) of Section 382.*

16 SEC. 4. No reimbursement is required by this act pursuant to  
17 Section 6 of Article XIII B of the California Constitution because  
18 the only costs that may be incurred by a local agency or school  
19 district will be incurred because this act creates a new crime or  
20 infraction, eliminates a crime or infraction, or changes the penalty  
21 for a crime or infraction, within the meaning of Section 17556 of  
22 the Government Code, or changes the definition of a crime within  
23 the meaning of Section 6 of Article XIII B of the California  
24 Constitution.