

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE APRIL 8, 2014

**SENATE BILL**

**No. 900**

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**Introduced by Senator Hill**

January 15, 2014

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An act to amend Section 321.1 of, and to add Section 750 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 900, as amended, Hill. Public-Utilities: *utilities: rate case application: safety.*

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 authorizes the commission to establish rules for all public utilities, subject to control by the Legislature. If the commission finds after a hearing that the rules, practices, equipment, appliances, facilities, or service of any public utility, or the methods of manufacture, distribution, transmission, storage, or supply employed by the public utility, are unjust, unreasonable, unsafe, improper, inadequate, or insufficient, the Public Utilities Act requires that the commission determine and, by order or rule, fix the rules, practices, equipment, appliances, facilities, service, or methods to be observed, furnished, constructed, enforced, or employed. Existing law states it is the intent of the Legislature that the commission assess the economic effects or other consequences of its decisions as a part of each ratemaking, rulemaking, or other proceeding.

This bill would require the commission to develop formal procedures, *as specified*, to consider safety in a rate case application by an electrical

corporation or gas corporation. The bill would require the commission to take actions to assess and mitigate the impacts of its decisions on customer, public, and employee safety.

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 321.1 of the Public Utilities Code is  
 2 amended to read:

3 321.1. (a) It is the intent of the Legislature that the commission  
 4 assess the economic effects or other consequences of its decisions  
 5 as part of each ratemaking, rulemaking, or other proceeding, and  
 6 that this be accomplished using existing resources and within  
 7 existing commission structures. The commission shall not establish  
 8 a separate office or department for the purpose of evaluating  
 9 economic development consequences of commission activities.

10 (b) The commission shall take all necessary and appropriate  
 11 actions to assess and mitigate the impacts of its decisions on  
 12 customer, public, and employee safety.

13 SEC. 2. Section 750 is added to the Public Utilities Code, to  
 14 read:

15 750. The commission shall develop formal procedures to  
 16 consider safety in a rate case application by an electrical  
 17 corporation or gas corporation. The procedures shall include ~~all~~  
 18 ~~of the following:~~ *a means by which safety information acquired*  
 19 *by the commission through monitoring, data tracking and analysis,*  
 20 *accident investigations, and audits of an applicant's safety*  
 21 *programs may inform the commission's consideration of the*  
 22 *application.*

23 ~~(a) In advance of, or concurrent with, the scheduled submission~~  
 24 ~~of a rate case application by an electrical corporation or gas~~  
 25 ~~corporation, commission staff shall produce a report on the safety~~  
 26 ~~performance of that corporation in those areas in which the~~  
 27 ~~corporation's revenue requirement is under consideration. The~~  
 28 ~~report shall examine the safety performance of the electrical~~  
 29 ~~corporation or gas corporation over a time period no shorter than~~  
 30 ~~the period between the scheduled rate case applications. The report~~  
 31 ~~shall be entered into the record of the rate case proceeding.~~

1 ~~(b) Subsequent to the submission of a rate case application by~~  
2 ~~an electrical corporation or gas corporation, commission staff units~~  
3 ~~responsible for safety risk assessment shall evaluate the quality of~~  
4 ~~the risk analysis of the applicant's incremental safety-related~~  
5 ~~revenue requests, including the quality of the alternatives analysis.~~  
6 ~~The report shall be entered into the record of the rate case~~  
7 ~~proceeding.~~

8 ~~(c) The commission, in approving a decision determining the~~  
9 ~~revenue requirements of an electrical corporation or a gas~~  
10 ~~corporation in a rate case proceeding, shall make risk-informed~~  
11 ~~findings as to the safety benefits of incremental funding requests~~  
12 ~~of safety-related proposed expenditures by the corporation.~~

13 ~~(d) The commission, in approving a decision determining the~~  
14 ~~revenue requirements of an electrical corporation or gas corporation~~  
15 ~~in a rate case proceeding, shall order commission staff to monitor~~  
16 ~~the safety performance of the corporation and to prepare a report~~  
17 ~~on the safety performance of that corporation in advance of, or~~  
18 ~~concurrent with, the next rate case application by the corporation.~~