

AMENDED IN SENATE AUGUST 17, 2016

AMENDED IN SENATE AUGUST 10, 2016

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2903**

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**Introduced by Assembly Member Gatto**

March 3, 2016

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An act to amend Sections ~~303 and 309~~ 303, 308, 309, and 321 of, and to add Sections 307.5, 307.6, 309.2, 314.6, 321.5, ~~910.7~~, 910.8, 912.3, ~~1712~~, and 8331 to, the Public Utilities Code, relating to the Public Utilities Commission, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2903, as amended, Gatto. Public Utilities Commission: duties and responsibilities: governance.

(1) Existing law establishes the Public Utilities Commission, with regulatory jurisdiction and authority over public utilities, including common carriers, electrical corporations, gas corporations, telephone corporations, and water corporations. Existing law prohibits a commissioner from holding an official relation to or having a financial interest in a person or corporation subject to regulation by the commission and requires the commission to adopt an updated conflict of interest code and statement of incompatible activities by February 28, 1998.

This bill would prohibit an executive of a public utility from serving as a commissioner within 2 years after leaving the employment of the utility. The bill would require the commission to maintain an updated conflict of interest code and statement of incompatible activities.

(2) Existing law requires the office of the commission to be in the City and County of San Francisco.

This bill would require the commission to report, as specified, to the relevant policy and fiscal committees of the Legislature by March 31, 2017, on options to locate operations and staff outside of the commission's San Francisco headquarters.

(3) Existing law requires the Governor to designate the president of the commission from among its members and requires the president to direct the executive director, the attorney, and other staff of the commission, except for the independent Office of Ratepayer Advocates. Existing law authorizes the executive director to employ those officers, administrative law judges, experts, engineers, statisticians, accountants, inspectors, clerks, and employees as the executive director deems necessary to carry out the provisions of the Public Utilities Act or to perform the duties and exercise the powers conferred upon the commission by law.

This bill would authorize the executive director to authorize commission employees to undertake temporary training and development assignments with other agencies, departments, and commissions that undertake coordinated activities with the commission, including the State Energy Resources Conservation and Development Commission, the State Air Resources Board, and the Division of Oil, Gas, and Geothermal Resources. The bill would require the executive director to work with the University of California, the California State University, and other postsecondary educational institutions to develop curriculum and training necessary or useful to candidates for employment with the commission. The bill would require the commission to appoint a chief administrative law judge and an internal auditor, to hold office at the pleasure of the commission and to perform specified functions. *The bill would shift responsibility for keeping a full and true record of all proceedings of the commission from the executive director to the chief administrative law judge.*

(4) Existing law places various responsibilities upon the commission to ensure that public utility services are provided in a manner that protects the public safety and the safety of utility employees.

This bill would require the commission to appoint a Deputy Executive Director for Safety to hold office at its pleasure. The deputy executive director would have primary responsibility for implementing the authority of the commission to initiate an investigation into a

safety-related matter and to exercise the emergency authority of the commission to ensure the safety of the public.

(5) The California Constitution authorizes the commission to establish rules, examine records, and prescribe a uniform system of accounts for all public utilities. The Public Utilities Act requires the commission to inspect and audit the books and records of electrical corporations, gas corporations, heat corporations, telegraph corporations, telephone corporations, and water corporations for regulatory and tax purposes.

This bill would authorize the commission to conduct financial and performance audits of any entity or program created by any order, decision, motion, settlement, or other action of the commission. If the commission undertook an audit pursuant to this authority, the bill would require the commission to transmit a copy of the audit report to the Legislature and to the Governor immediately upon completion of the audit and to make the report available to the public.

(6) This bill would require the commission to appoint an independent ombudsman for ethics who would be required to receive complaints and comments from employees of the commission and members of the public concerning how the commission is carrying out its functions. The ombudsman, or staff under the direction of the ombudsman, would be responsible for instituting a program of enhanced ethics training for all commissioners and employees of the commission, including training concerning the commission's conflict of interest code, statement of incompatible activities, and limitations upon ex parte communications.

~~(7) The California Constitution authorizes the commission to establish its own procedures, subject to statutory limitations or directions and constitutional requirements of due process. The Public Utilities Act requires the commission to determine whether a proceeding requires a hearing and, if so, to determine whether the matter requires a quasi-legislative, an adjudication, or a ratesetting hearing. The act sets forth certain procedural requirements for the conduct of proceedings.~~

~~This bill would authorize reports and analyses by local, state, and federal administrative agencies to be admitted into the evidentiary record of a proceeding if proffered by a party and if specified conditions were met.~~

*(7) Existing law requires the commission to establish an office of the public advisor and requires the office of the public advisor to assist members of the public and ratepayers who desire to testify before or present information to the commission in any hearing or proceeding of the commission.*

*This bill would require the public advisor to receive complaints and comments from members of the public concerning how the commission is carrying out its functions and to compile, no less than once annually, and make public on the commission's Internet Web site the number and nature of complaints and comments from members of the public. The public advisor would be required to maintain the confidentiality of the identity of a member of the public who makes a complaint or comment unless the member of the public expressly indicates a desire to communicate his or her identity to the commission.*

(8) The Nuclear Facility Decommissioning Act of 1985 requires the commission to undertake certain steps relative to the decommissioning of a nuclear powerplant by an electrical corporation.

This bill would require the commission to advocate before the federal Nuclear Regulatory Commission for expedited relocation of any spent fuel stored at the San Onofre nuclear generating station, the Diablo Canyon Units 1 and 2 powerplant, and the Humboldt Bay Unit 3 powerplant to an independent, offsite spent fuel storage installation.

(9) This bill would state the intent of the Legislature to transfer the duties and responsibilities of the commission over passenger stage corporations, charter-party carriers of passengers, transportation network companies, household goods carriers, vessel common carriers, private carriers, for-hire vessels, and commercial air operators to state departments within the Transportation Agency in a manner consistent with Article XII of the California Constitution and would require the Governor, by January 31, 2018, to propose the specific budget and statutory changes needed to complete the transfer of the duties and responsibilities to the Transportation Agency by no later than July 1, 2018.

(10) This bill would require the California Research Bureau in the California State Library, by January 1, 2018, to conduct a study of telecommunications service governance to determine what regulatory structure would provide the appropriate regulatory oversight of telecommunications services and to assess the overarching goals of the various programs carried out by *federal and state agencies, including the commission, including commission*. *The bill would require the bureau to include* a discussion of whether the commission, as a whole, is strategically aligned towards a clearly articulated public goal. The bill would require the study ~~to review specified matters and~~ to take into account the history of telecommunications service regulation in the state and changes in technology to make recommendations for guiding

principles that clearly define California’s goals for the regulation of the telecommunications industry.

(11) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

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

1 SECTION 1. (a) The Legislature finds and declares both of  
2 the following:

3 (1) The Public Utilities Commission has *historically* played a  
4 vital and important oversight function protecting consumers by  
5 regulating *monopoly* public utilities.

6 (2) Ensuring that oversight ~~function~~ is transparent and  
7 accountable to ~~Californians~~, *Californians* and ~~ensuring that~~  
8 ~~oversight function~~ is focused on the safety of our ~~communities~~;  
9 *communities* may require ~~relocating or augmenting~~ *reforming the*  
10 *responsibilities of* the Public Utilities ~~Commission’s~~  
11 ~~responsibilities~~. *Commission*.

12 (b) By January 1, 2018, the California Research Bureau in the  
13 California State Library shall conduct a study of  
14 telecommunications service governance to determine what  
15 regulatory structure would provide the appropriate regulatory  
16 oversight of telecommunications services. The study shall assess  
17 the overarching goals of the various programs carried out by *federal*  
18 *and state agencies, including the Federal Communications*  
19 *Commission and the Public Utilities Commission*,  
20 and include a discussion of whether the commission, as a whole,  
21 is strategically aligned towards a clearly articulated public goal.  
22 ~~This portion of the~~ *The* study shall take into account the history  
23 of telecommunications service regulation in the state and changes  
24 in technology to make recommendations for guiding principles to  
25 clearly define California’s goals for the regulation of the  
26 telecommunications industry. ~~The study shall review all of the~~  
27 ~~following:~~

28 (1) ~~The relative scope of state and federal jurisdiction over~~  
29 ~~telecommunications services and telecommunications service~~  
30 ~~providers.~~

- 1     ~~(2) The extent to which changes in state and federal jurisdiction~~  
2 ~~may have affected the ability of the Public Utilities Commission~~  
3 ~~to perform the following functions:~~
- 4     ~~(A) Processing and resolving consumer service complaints,~~  
5 ~~including those about voice and broadband service.~~
- 6     ~~(B) Maintaining and overseeing a fully functional and responsive~~  
7 ~~911 system.~~
- 8     ~~(C) Maintaining and overseeing physical facilities, including~~  
9 ~~trunks, poles, and towers used to provide voice and broadband~~  
10 ~~service, including 911 service.~~
- 11     ~~(3) What gaps, if any, exist in the state's regulatory authority~~  
12 ~~that are not otherwise addressed by federal law or regulation over~~  
13 ~~telecommunications services, including, but not limited to,~~  
14 ~~consumer protection and safety.~~
- 15     ~~(4) The state and local agencies in addition to the Public Utilities~~  
16 ~~Commission that provide consumer protection and ensure the~~  
17 ~~safety of telecommunication services.~~
- 18     ~~(5) How to enhance the processing and resolving of consumer~~  
19 ~~complaints about telecommunications service.~~
- 20     ~~(6) How to enhance consumer protection from abusive practices,~~  
21 ~~including those regarding voice and broadband service.~~
- 22     ~~(7) The extent to which the Federal Communication Commission~~  
23 ~~and the Public Utilities Commission provide consumer protection~~  
24 ~~related to telecommunications services, particularly in low-income~~  
25 ~~and disadvantaged communities, specifically addressing each of~~  
26 ~~the following:~~
- 27     ~~(A) Unjustified payments or disconnection over legitimate~~  
28 ~~billing disputes.~~
- 29     ~~(B) Extended service outages that can be life-threatening for~~  
30 ~~sick and elderly citizens and can jeopardize the survival of small~~  
31 ~~and medium-sized businesses that depend on telecommunications~~  
32 ~~services to function.~~
- 33     ~~(C) Disruption to, or poor quality of, 911 service.~~
- 34     ~~(D) The effect on customers of small local telecommunications~~  
35 ~~service providers.~~
- 36     ~~(8) How to ensure the public can reach first responders in an~~  
37 ~~emergency, including maintaining and overseeing a fully functional~~  
38 ~~and responsive 911 system.~~

1 ~~(9) How to ensure that the physical facilities used to provide~~  
2 ~~voice and broadband services, including 911 service, are adequately~~  
3 ~~maintained, including trunks, poles, and towers.~~

4 ~~(10) The extent to which it is necessary for utility pole safety~~  
5 ~~regulation to be governed by one regulatory structure regardless~~  
6 ~~of the type of utility attachment.~~

7 ~~(11) How to ensure the commission is effectively managing the~~  
8 ~~state's universal service programs funded through the California~~  
9 ~~High-Cost Fund-A Administrative Committee Fund, California~~  
10 ~~High-Cost Fund-B Administrative Committee Fund, Universal~~  
11 ~~Lifeline Telephone Service Trust Administrative Committee Fund,~~  
12 ~~Deaf and Disabled Telecommunications Program Administrative~~  
13 ~~Committee Fund, California Teleconnect Fund Administrative~~  
14 ~~Committee Fund, and California Advanced Services Fund (Chapter~~  
15 ~~1.5 (commencing with Section 270) of the Public Utilities Code).~~

16 ~~(12) How to ensure the effective administration of the Digital~~  
17 ~~Infrastructure and Video Competition Act of 2006 (Division 2.5~~  
18 ~~(commencing with Section 5800) of the Public Utilities Code).~~

19 ~~(13) The extent to which changes in state and federal jurisdiction~~  
20 ~~may have affected the ability of the Public Utilities Commission~~  
21 ~~to perform any of the aforementioned functions.~~

22 ~~(14) The extent to which competitive telecommunications~~  
23 ~~services are available in California and to what extent there are~~  
24 ~~regions within California that lack competitive alternatives.~~

25 ~~(15) The extent to which competitive telecommunications~~  
26 ~~services create a gap, if any, in regulatory oversight.~~

27 ~~(16) How other states are governing telecommunications~~  
28 ~~services.~~

29 ~~(17) The role of the Public Utilities Commission in regulating~~  
30 ~~the wholesale telecommunications market.~~

31 ~~(18) The extent to which current in-state telecommunications~~  
32 ~~jobs are affected by the transition to new technologies that provide~~  
33 ~~telecommunications services.~~

34 ~~(19) The extent to which there is a regulatory nexus between~~  
35 ~~the provision of water, energy, and telecommunications services.~~

36 ~~SEC. 2. Section 303 of the Public Utilities Code is amended~~  
37 ~~to read:~~

38 ~~303. (a) A public utilities commissioner may not hold an~~  
39 ~~official relation to, nor have a financial interest in, a person or~~  
40 ~~corporation subject to regulation by the commission. If any~~

1 commissioner acquires a financial interest in a corporation or  
2 person subject to regulation by the commission other than  
3 voluntarily, his or her office shall become vacant unless within a  
4 reasonable time he or she divests himself or herself of the interest.

5 (b) No executive of a public utility may serve as commissioner  
6 within two years after leaving the employment of the utility.

7 (c) The commission shall maintain an updated conflict of interest  
8 code and statement of incompatible activities in a manner  
9 consistent with applicable law.

10 SEC. 3. Section 307.5 is added to the Public Utilities Code, to  
11 read:

12 307.5. (a) The commission shall appoint a chief administrative  
13 law judge, who shall hold office at the pleasure of the commission.

14 (b) The chief administrative law judge shall be responsible for  
15 the oversight of the administrative law judge division and shall  
16 organize, coordinate, supervise, and direct the operations of the  
17 division as directed by the commission, consistent with commission  
18 policies and priorities.

19 (c) The chief administrative law judge shall keep a full and true  
20 record of all proceedings of the commission.

21 SEC. 4. Section 307.6 is added to the Public Utilities Code, to  
22 read:

23 307.6. (a) The commission shall appoint an internal auditor,  
24 who shall hold office at the pleasure of the commission.

25 (b) The internal auditor shall be responsible for the oversight  
26 of the internal audit unit and shall plan, initiate, and perform audits  
27 of key financial, management, operational, and information  
28 technology functions within the commission to improve  
29 accountability and transparency to executive and state management.

30 (c) The internal auditor shall report his or her findings and  
31 recommendations directly to an audit subcommittee of the  
32 commission.

33 (d) *The internal auditor shall comply with Part 3.5 (commencing*  
34 *with Section 13885) of Division 3 of Title 2 of the Government*  
35 *Code.*

36 SEC. 5. Section 308 of the Public Utilities Code is amended  
37 to read:

38 308. (a) The commission shall appoint an executive director,  
39 who shall hold office during its pleasure. The executive director  
40 shall be responsible for the commission’s executive and



1 administrative duties and shall organize, coordinate, supervise,  
2 and direct the operations and affairs of the commission and  
3 expedite all matters within the commission's jurisdiction.

4 (b) The executive director shall ~~keep a full and true record of~~  
5 ~~all proceedings of the commission~~, issue all necessary process,  
6 writs, warrants, and ~~notices~~, *notices* and perform such other duties  
7 as the president, or vote of the commission, prescribes. The  
8 president may authorize the executive director to dismiss  
9 complaints or applications when all parties are in agreement  
10 thereto, in accordance with rules that the commission may  
11 prescribe.

12 (c) The commission may appoint assistant executive directors  
13 who may serve warrants and other process in any county or city  
14 and county of this state.

15 ~~SEC. 5.~~

16 *SEC. 6.* Section 309 of the Public Utilities Code is amended  
17 to read:

18 309. (a) The executive director may employ such officers,  
19 administrative law judges, experts, engineers, statisticians,  
20 accountants, inspectors, clerks, and employees as the executive  
21 director deems necessary to carry out the provisions of this part  
22 or to perform the duties and exercise the powers conferred upon  
23 the commission by law. All officers and employees shall receive  
24 such compensation as is fixed by the commission.

25 (b) The executive director may authorize commission employees  
26 to undertake temporary training and development assignments  
27 with other agencies, departments, and commissions that undertake  
28 coordinated activities with the commission, including the Energy  
29 Commission, the State Air Resources Board, and the Division of  
30 Oil, Gas, and Geothermal Resources.

31 (c) The executive director shall work with the University of  
32 California, the California State University, and other postsecondary  
33 education institutions to develop curriculum and training necessary  
34 or useful to candidates for employment with the commission.

35 ~~SEC. 6.~~

36 *SEC. 7.* Section 309.2 is added to the Public Utilities Code, to  
37 read:

38 309.2. The commission shall appoint a Deputy Executive  
39 Director for Safety, who shall hold office at its pleasure. The  
40 deputy executive director shall have primary responsibility for

1 implementing the authority of the commission to initiate an  
 2 investigation into a safety-related matter and to exercise the  
 3 emergency authority of the commission to ensure the safety of the  
 4 public.

5 ~~SEC. 7.~~

6 SEC. 8. Section 314.6 is added to the Public Utilities Code, to  
 7 read:

8 314.6. (a) The commission may conduct financial and  
 9 performance audits of any entity or program created by any order,  
 10 decision, motion, settlement, or other action of the commission.

11 (b) The commission shall complete any audit in a timely manner  
 12 consistent with the Generally Accepted Government Auditing  
 13 Standards developed by the United States Government  
 14 Accountability Office.

15 (c) After performing an audit pursuant to this section, the  
 16 commission may conduct additional followup work that is related  
 17 to any findings and recommendations related to the audit.

18 SEC. 9. *Section 321 of the Public Utilities Code is amended*  
 19 *to read:*

20 321. (a) The commission shall establish an office of the public  
 21 advisor and shall appoint a public advisor, including a separate  
 22 office in the Los Angeles office of the commission. The  
 23 commission may employ staff as necessary to carry out the duties  
 24 of the office of the public advisor. The office of the public advisor  
 25 shall assist members of the public and ratepayers who desire to  
 26 testify before or present information to the commission in any  
 27 hearing or proceeding of the commission. The public advisor shall  
 28 advise the commission on procedural matters relating to public  
 29 participation in proceedings of the commission.

30 (b) The public advisor and executive director shall publicize  
 31 the commission's programs for encouraging and supporting  
 32 participation in the commission's proceedings.

33 (c) *The public advisor shall receive complaints and comments*  
 34 *from members of the public concerning how the commission is*  
 35 *carrying out its functions. The public advisor shall maintain the*  
 36 *confidentiality of the identity of a member of the public who makes*  
 37 *a complaint or comment unless the member of the public expressly*  
 38 *indicates a desire to communicate his or her identity to the*  
 39 *commission. The public advisor shall compile, no less than once*  
 40 *annually, and make public on the commission's Internet Web site*

1 *the number and nature of complaints and comments from members*  
2 *of the public.*

3 ~~SEC. 8.~~

4 *SEC. 10.* Section 321.5 is added to the Public Utilities Code,  
5 to read:

6 321.5. (a) The commission shall appoint an independent  
7 ombudsman for ethics. The ombudsman shall receive complaints  
8 and comments from employees of the commission and members  
9 of the public concerning how the commission is carrying out its  
10 functions. The ombudsman shall maintain the confidentiality of  
11 an employee's identity unless the employee expressly indicates a  
12 desire to communicate his or her identity to the commission.

13 (b) The ombudsman, or staff under the direction of the  
14 ombudsman, shall be responsible for instituting a program of  
15 enhanced ethics training for all commissioners and employees of  
16 the commission, including training concerning the commission's  
17 conflict of interest code, statement of incompatible activities, and  
18 limitations upon ex parte communications.

19 ~~SEC. 9.~~

20 *SEC. 11.* Section ~~910.7~~910.8 is added to the Public Utilities  
21 Code, to read:

22 ~~910.7.~~

23 910.8. (a) By March 31, 2017, the commission shall report to  
24 the relevant policy and fiscal committees of the Legislature on  
25 options to locate operations and staff outside of the commission's  
26 San Francisco headquarters. The report shall explore options for  
27 leveraging additional facilities in areas of the state, including  
28 Sacramento, that would allow the commission to collaborate with  
29 other state entities and provide staff more opportunities for training,  
30 career development, and exchange placements with other state  
31 entities. The report shall do both of the following:

32 (1) Consider categories of operations in different offices.

33 (2) Analyze recruitment and retention, salary disparities by  
34 location based on duty statements, and costs associated with using  
35 locations outside of San Francisco with no, or minimal, disruption  
36 of current commission employees.

37 (b) The commission shall conduct one or more public workshops  
38 to obtain suggestions, concerns, ideas, and comments from  
39 stakeholders and interested members of the public in furtherance  
40 of the purpose of the report.

1 (c) Pursuant to Section 10231.5 of the Government Code, this  
 2 section is repealed on March 31, 2021.

3 ~~SEC. 10.~~

4 *SEC. 12.* Section 912.3 is added to the Public Utilities Code,  
 5 to read:

6 912.3. Immediately upon completion of an audit of any entity  
 7 or program created by any order, decision, motion, settlement, or  
 8 other action by the commission conducted pursuant to Section  
 9 314.6, the commission shall transmit a copy of the audit report to  
 10 the Legislature, including to the appropriate policy and fiscal  
 11 committees or subcommittees of the Legislature, and to the  
 12 Governor. Once the audit report has been transmitted to the  
 13 Legislature and the Governor, the report shall be made available  
 14 to the public.

15 ~~SEC. 11.~~ Section 1712 is added to the Public Utilities Code,  
 16 to read:

17 ~~1712. (a) Reports and analyses by local, state, and federal~~  
 18 ~~administrative agencies may be admitted into the evidentiary record~~  
 19 ~~if proffered by a party and both of the following apply:~~

20 (1) ~~The reports or analyses have been adopted or approved by~~  
 21 ~~a vote of the governing body of the agency, approved by the~~  
 22 ~~director or head of the agency, or published in a peer-reviewed~~  
 23 ~~academic publication.~~

24 (2) ~~The commission provides an opportunity, consistent with~~  
 25 ~~due process, for other parties and the public to analyze and respond~~  
 26 ~~to any facts asserted by the reports or analyses.~~

27 (b) ~~Unless a witness representing the agency is able to respond~~  
 28 ~~to questions relating to the content of the reports or analyses, and~~  
 29 ~~is available for cross-examination, the reports or analyses shall~~  
 30 ~~not serve as the basis for any findings of fact or conclusions of~~  
 31 ~~law.~~

32 ~~SEC. 12.~~

33 *SEC. 13.* Section 8331 is added to the Public Utilities Code,  
 34 to read:

35 8331. The commission shall advocate before the federal Nuclear  
 36 Regulatory Commission for expedited relocation of any spent fuel  
 37 stored at the ~~San Onofre Nuclear Generating Station, the Diablo~~  
 38 ~~Canyon Units 1 and 2 powerplant, and Humboldt Bay Unit 3~~  
 39 ~~powerplant~~ *nuclear powerplants in this state* to an independent,  
 40 offsite spent fuel storage installation.

1 ~~SEC. 13.~~

2 *SEC. 14.* (a) For purposes of this section, the following terms  
3 have the following meanings:

4 (1) “Charter-party carrier of passengers” has the same meaning  
5 as defined in Section 5360 of, subject to the exclusions in Section  
6 5353 of, the Public Utilities Code.

7 (2) “Commercial air operator” has the same meaning as defined  
8 in Section 5500 of the Public Utilities Code.

9 (3) “For-hire vessel” has the same meaning as defined in Section  
10 4661 of the Public Utilities Code.

11 (4) “Household goods carrier” has the same meaning as defined  
12 in Section 5109 of the Public Utilities Code.

13 (5) “Passenger stage corporation” has the same meaning as  
14 defined in Section 226 of the Public Utilities Code.

15 (6) “Private carrier” has the same meaning as defined in Section  
16 4001 of the Public Utilities Code.

17 (7) “Transportation network company” has the same meaning  
18 as defined in Section 5431 of the Public Utilities Code.

19 (8) “Vessel common carrier” means those persons and  
20 corporations that are a common carrier pursuant to subdivision (b)  
21 of Section 212 of the Public Utilities Code.

22 (b) It is the intent of the Legislature to transfer the duties and  
23 responsibilities of the Public Utilities Commission over passenger  
24 stage corporations, charter-party carriers of passengers,  
25 transportation network companies, household goods carriers, vessel  
26 common carriers, private carriers, for-hire vessels, and commercial  
27 air operators to state departments within the Transportation Agency  
28 in a manner consistent with Article XII of the California  
29 Constitution. By January 31, 2018, the Governor shall propose the  
30 specific budget and statutory changes needed to complete the  
31 transfer of the duties and responsibilities to the Transportation  
32 Agency by no later than July 1, 2018.

33 (c) It is the intent of the Legislature to make conforming changes  
34 to this code and the other codes of this state to effectuate  
35 subdivision (b) by July 1, 2018.

36 (d) It is the intent of the Legislature to evaluate methods for  
37 ensuring that rail crossings inspected by the Public Utilities  
38 Commission and rail transit approved by the Public Utilities  
39 Commission are ~~in coordination~~ *coordinated* with the  
40 Transportation ~~Agency~~. *Agency to ensure that rail crossings and*

1 *rail transit systems are assessed, and projects prioritized for*  
2 *funding are chosen, with regard to transportation safety and*  
3 *mobility needs.*

4 (9) This act is an urgency statute necessary for the immediate  
5 preservation of the public peace, health, or safety within the  
6 meaning of Article IV of the Constitution and shall go into  
7 immediate effect. The facts constituting the necessity are:

8 In order for the provisions of this act to be applicable as soon as  
9 possible in the 2017–18 fiscal year and thereby facilitate the orderly  
10 transition of duties and responsibilities at the earliest possible time,  
11 it is necessary that this act take effect immediately.

O