

AMENDED IN SENATE APRIL 7, 2016

SENATE BILL

No. 1041

Introduced by Senator Hueso

February 12, 2016

An act to ~~amend Section 25301 of the Public Resources~~ *add Section 749.5 to, and to add Part 3 (commencing with Section 9525) to Division 4.8 of, the Public Utilities Code*, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1041, as amended, Hueso. Energy: ~~assessments and forecasts. electric and gas rates: public elementary and secondary schools.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, while local publicly owned electric utilities are under the direction of their governing board. Existing law authorizes the commission to fix the rates and charges for electrical corporations and gas corporations, and requires that those rates and charges be just and reasonable. Existing law requires public utilities to develop programs in cooperation with local school districts in reducing their electricity and gas bills through conservation and improvements in efficiency and authorizes public utilities to offer school districts on a priority basis programs or incentives for commercial customers developed by the utility and approved by the commission, including rebates, loan programs, and incentives for the installation of efficient lighting, heating, or cooling systems.

This bill would require each electrical corporation and gas corporation to develop and submit to the commission for its approval a rate for service applicable to public elementary and secondary schools that is just and reasonable and reflects the costs of providing service

to those schools. Because this requirement is part of the Public Utilities Act and would require an act by the commission for its implementation and because a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime, the bill would impose a state-mandated local program by creating a new crime.

This bill would require a local publicly owned electric utility to develop and submit to its governing board for its approval a rate for service applicable to public elementary and secondary schools that is just and reasonable and reflects the costs of providing service to those schools. By imposing additional duties upon local publicly owned electric utilities, the bill would impose a state-mandated local program.

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 specified reasons.

~~Existing law requires the State Energy Resources Conservation and Development Commission, at least every 2 years, to conduct assessments and forecasts of all aspects of energy industry supply, production, transportation, delivery and distribution, demand, and prices.~~

~~This bill would make nonsubstantive changes to this provision.~~

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

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

- 1 SECTION 1. *The Legislature finds and declares all of the*
- 2 *following:*
- 3 (a) *The California Constitution authorizes the Public Utilities*
- 4 *Commission to fix the rates of public utilities in the state and the*
- 5 *Public Utilities Act requires that all charges of a public utility be*
- 6 *just and reasonable.*
- 7 (b) *The cost-causation principle, that rates should reflect the*
- 8 *cost of providing service, guides the commission's ratemaking*
- 9 *decisions involving electrical corporations and gas corporations.*
- 10 (c) *The state funds public elementary and secondary schools to*
- 11 *provide for the education of the state's children and young people.*

1 (d) *The state's public elementary and secondary schools*
2 *represent a category of energy users that differs from commercial*
3 *categories of energy users.*

4 (e) *The state has enacted numerous measures to directly and*
5 *indirectly reduce the amount of money that public elementary and*
6 *secondary schools spend on utility bills so that they may focus*
7 *their limited resources on education.*

8 (f) *Recently, many public elementary and secondary schools in*
9 *the state have experienced dramatic increases in the rates they*
10 *pay for electricity, thereby increasing their overall utility bills and*
11 *decreasing the moneys available for education.*

12 (g) *For example, in the San Diego region, the bills for electric*
13 *service paid by some public elementary and secondary schools*
14 *have increased considerably, despite no change in those schools'*
15 *energy usage.*

16 (h) *It is the intent of the Legislature that the commission, in*
17 *reviewing and approving an electrical or gas corporation's rates*
18 *that are applicable to public elementary and secondary schools,*
19 *act according to the cost-causation principle.*

20 SEC. 2. *Section 749.5 is added to the Public Utilities Code, to*
21 *read:*

22 749.5. *Each electrical corporation and gas corporation shall*
23 *develop and submit to the commission for its approval a rate for*
24 *service applicable to public elementary and secondary schools*
25 *that is just and reasonable and reflects the costs of providing*
26 *service to those schools.*

27 SEC. 3. *Part 3 (commencing with Section 9525) is added to*
28 *Division 4.8 of the Public Utilities Code, to read:*

29
30 PART 3. RATES

31
32 9525. *A local publicly owned electric utility shall develop and*
33 *submit to its governing board for its approval a rate for service*
34 *applicable to public elementary and secondary schools that is just*
35 *and reasonable and reflects the costs of providing service to those*
36 *schools.*

37 SEC. 4. *No reimbursement is required by this act pursuant to*
38 *Section 6 of Article XIII B of the California Constitution because*
39 *a local agency or school district has the authority to levy service*
40 *charges, fees, or assessments sufficient to pay for the program or*

1 *level of service mandated by this act or because costs that may be*
2 *incurred by a local agency or school district will be incurred*
3 *because this act creates a new crime or infraction, eliminates a*
4 *crime or infraction, or changes the penalty for a crime or*
5 *infraction, within the meaning of Section 17556 of the Government*
6 *Code, or changes the definition of a crime within the meaning of*
7 *Section 6 of Article XIII B of the California Constitution.*

8 ~~SECTION 1. Section 25301 of the Public Resources Code is~~
9 ~~amended to read:~~

10 ~~25301. (a) At least every two years, the commission shall~~
11 ~~conduct assessments and forecasts of all aspects of energy industry~~
12 ~~supply, production, transportation, delivery and distribution,~~
13 ~~demand, and prices. The commission shall use these assessments~~
14 ~~and forecasts to develop and evaluate energy policies and programs~~
15 ~~that conserve resources, protect the environment, ensure energy~~
16 ~~reliability, enhance the state's economy, and protect public health~~
17 ~~and safety. To perform these assessments and forecasts, the~~
18 ~~commission may require submission of demand forecasts, resource~~
19 ~~plans, market assessments, related outlooks, individual customer~~
20 ~~historic electric or gas service usage, or both, and individual~~
21 ~~customer historic billing data, in a format and level of granularity~~
22 ~~specified by the commission from electric and natural gas utilities,~~
23 ~~transportation fuel and technology suppliers, and other market~~
24 ~~participants. These assessments and forecasts shall be done in~~
25 ~~consultation with the appropriate state and federal agencies~~
26 ~~including, but not limited to, the Public Utilities Commission, the~~
27 ~~Office of Ratepayer Advocates, the State Air Resources Board,~~
28 ~~the Independent System Operator, the Department of Water~~
29 ~~Resources, the Department of Transportation, and the Department~~
30 ~~of Motor Vehicles. The commission shall maintain reasonable~~
31 ~~policies and procedures to protect customer information from~~
32 ~~unauthorized disclosure.~~

33 ~~(b) In developing the assessments and forecasts prepared~~
34 ~~pursuant to subdivision (a), the commission shall do all of the~~
35 ~~following:~~

36 ~~(1) Provide information about the performance of energy~~
37 ~~industries.~~

38 ~~(2) Develop and maintain the analytical capability sufficient to~~
39 ~~answer inquiries about energy issues from government, market~~
40 ~~participants, and the public.~~

- 1 ~~(3) Analyze, develop, and evaluate energy policies and~~
- 2 ~~programs.~~
- 3 ~~(4) Provide an analytical foundation for regulatory and policy~~
- 4 ~~decisionmaking.~~
- 5 ~~(5) Facilitate efficient and reliable energy markets.~~

O