

Introduced by Senator Glazer

February 19, 2016

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

LEGISLATIVE COUNSEL'S DIGEST

SB 1422, as introduced, Glazer. Water corporations: rate regulation. Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities and other specified entities, including water corporations. Existing law authorizes the Public Utilities Commission, in establishing rates for water service, to establish separate charges for costs associated with customer service, facilities, and fixed and variable operating costs, as specified.

This bill would make nonsubstantive changes to these provisions.

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.

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