

AMENDED IN ASSEMBLY JUNE 19, 1995  
AMENDED IN ASSEMBLY APRIL 25, 1995

CALIFORNIA LEGISLATURE—1995–96 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1890**

**Introduced by Assembly Member Conroy**

February 24, 1995

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~~An act to amend Section 453 of, and to add Section 40009.4~~*An act to add Section 702.1 to,* the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 1890, as amended, Conroy. Public utilities: ~~bills for services restructuring.~~

Under existing law, the Public Utilities Commission is vested with regulatory authority over public utilities.

~~This bill would permit each gas, electrical, heat, and water corporation, and each publicly owned utility furnishing light, heat, water and power, to identify, as a separate amount, on any bill for services or commodities furnished any customer or subscriber, the amount to be paid by the customer or subscriber that represents the costs of complying with a federal, state, or local governmental mandate, not including any fees imposed by the commission.~~

*This bill would declare the intent of the Legislature that specified requirements be implemented in order to ensure a smooth and equitable restructuring of the electrical services*

industry in California, and would state findings and declarations in that regard.

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

Vote: 2/3. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

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

1 ~~SECTION 1. It is the intent of the Legislature to~~  
2 ~~unbundle the cost of electricity and to identify the costs~~  
3 ~~incurred by utilities. It is the further intent of the~~  
4 ~~Legislature to encourage all energy utilities to identify~~  
5 ~~the amounts charged to customers due to government~~  
6 ~~mandates.~~

7 ~~SEC. 2. Section 453 of the Public Utilities Code is~~  
8 ~~amended to read:~~

9 ~~453. (a) No public utility shall, as to rates, charges,~~  
10 ~~service, facilities, or in any other respect, make or grant~~  
11 ~~any preference or advantage to any corporation or person~~  
12 ~~or subject any corporation or person to any prejudice or~~  
13 ~~disadvantage.~~

14 ~~(b) No public utility shall prejudice, disadvantage, or~~  
15 ~~require different rates or deposit amounts from a person~~  
16 ~~because of race, religious creed, color, national origin,~~  
17 ~~ancestry, physical handicap, medical condition,~~  
18 ~~occupation, sex, marital status or change in marital status.~~  
19 ~~A person who has exhausted all administrative remedies~~  
20 ~~with the commission may institute a suit for injunctive~~  
21 ~~relief and reasonable attorney's fees in cases of an alleged~~  
22 ~~violation of this subdivision. If successful in litigation, the~~  
23 ~~prevailing party shall be awarded attorney's fees.~~

24 ~~(c) No public utility shall establish or maintain any~~  
25 ~~unreasonable difference as to rates, charges, service,~~  
26 ~~facilities, or in any other respect, either as between~~  
27 ~~localities or as between classes of service.~~

28 ~~(d) No public utility shall include with any bill for~~  
29 ~~services or commodities furnished any customer or~~  
30 ~~subscriber any advertising or literature designed or~~  
31 ~~intended (1) to promote the passage or defeat of a~~



1 ~~measure appearing on the ballot at any election whether~~  
2 ~~local, statewide, or national, (2) to promote or defeat any~~  
3 ~~candidate for nomination or election to any public office,~~  
4 ~~(3) to promote or defeat the appointment of any person~~  
5 ~~to any administrative or executive position in federal,~~  
6 ~~state or local government, or (4) to promote or defeat~~  
7 ~~any change in federal, state, or local legislation or~~  
8 ~~regulations.~~

9 ~~(e) Each gas, electrical, heat, and water corporation~~  
10 ~~may identify, as a separate amount, on any bill for services~~  
11 ~~or commodities furnished any customer or subscriber, the~~  
12 ~~amount to be paid by the customer or subscriber that~~  
13 ~~represents the costs of complying with a federal, state, or~~  
14 ~~local governmental mandate, not including any fees~~  
15 ~~imposed by the commission.~~

16 ~~(f) The commission may determine any question of~~  
17 ~~fact arising under this section.~~

18 ~~SEC. 3. Section 10009.4 is added to the Public Utilities~~  
19 ~~Code, to read:~~

20 ~~10009.4. Each public utility furnishing light, heat,~~  
21 ~~water, and power may identify, as a separate amount, on~~  
22 ~~any bill for services or commodities furnished any~~  
23 ~~customer or subscriber, the amount to be paid by the~~  
24 ~~customer or subscriber which represents the costs of~~  
25 ~~complying with a federal, state or local governmental~~  
26 ~~mandate.~~

27 ~~SEC. 4.—~~

28 *SECTION 1. The Legislature finds and declares that:*

29 *(a) The Public Utilities Commission in its Order*  
30 *Instituting Rulemaking and Order Instituting*  
31 *Investigation (OIR 94-04-031 and OII 94-04-032,*  
32 *commonly referred to as “The Blue Book”) set forth a*  
33 *proposed policy statement on restructuring California’s*  
34 *electric services industry and reforming its regulatory*  
35 *policy.*

36 *(b) The Public Utilities Commission determined that*  
37 *the people of the State of California pay some of the*  
38 *highest energy rates in the nation.*

39 *(c) The high rates paid by California ratepayers are*  
40 *primarily due to an existing regulatory structure*



1 *comprised of policies which are fragmented, outdated,*  
2 *arcane, and overly complex, engendering a lack of*  
3 *competitiveness among utilities, providing weak*  
4 *incentives to utilities to operate and invest efficiently,*  
5 *and is administratively burdensome and acts as a barrier*  
6 *to public participation.*

7 *(d) In 1994 the Legislature passed Assembly*  
8 *Concurrent Resolution 143 (Resolution Chapter 148 of*  
9 *the Statutes of 1994) which sets forth general terms that*  
10 *reflect the state's ongoing policy concerns by which*  
11 *proposed electric restructuring policies should comply.*  
12 *The criteria included achieving significant rate*  
13 *reductions, establishing performance standards for*  
14 *utilities that assure their performance is among the most*  
15 *efficient in the nation, promoting fair competition and*  
16 *customer choice, protecting public health and complying*  
17 *with all federal and state law, reducing regulation costs*  
18 *and burdens, and insuring safety and reliability of the*  
19 *utility grid.*

20 *(e) The primary purposes of the restructuring of the*  
21 *electrical industry are as follows:*

22 *(1) To reduce rates and ensure that the benefits of the*  
23 *restructuring inure to all classes of California ratepayers.*

24 *(2) To foster a competitive electrical services industry*  
25 *and to implement significant reduction in regulation of*  
26 *utilities.*

27 *(3) To enable all utility providers to engage in*  
28 *equitable competition through guaranteed open, equal,*  
29 *and comparable access to transmission and distribution*  
30 *systems.*

31 *(4) To ensure that all existing contracts will be*  
32 *honored.*

33 *(5) To ensure that the costs of public policy programs,*  
34 *including social, economic, and environmental programs,*  
35 *shall continue to be supported by all customers and*  
36 *providers.*

37 *(6) To ensure that all classes of ratepayers eventually*  
38 *obtain the ability to exercise choice in the selection of an*  
39 *electrical service provider.*



1 (7) To ensure that the current standards of safety,  
2 reliability, and service are maintained in a restructured  
3 electrical service industry.

4 SEC. 2. Section 702.1 is added to the Public Utilities  
5 Code, to read:

6 702.1. (a) To ensure a smooth and equitable  
7 restructuring of the electrical services industry in  
8 California, it is the intent of the Legislature that the  
9 following requirements shall be implemented:

10 (1) The establishment of a five-year transition period  
11 for the restructuring of the electrical industry beginning  
12 no later than January 1, 1997.

13 (2) All stranded costs as identified by the utilities and  
14 the Public Utilities Commission and approved by the  
15 Legislature shall be paid off no later than January 1, 2003.

16 (3) Electricity rates for all consumer classes shall not  
17 rise above current levels throughout the transition  
18 period. If possible, electrical rates for all consumers shall  
19 be lowered when feasible.

20 (4) All transition costs shall be recovered by virtue of  
21 the savings generated by the restructuring of the  
22 electrical service industry.

23 (5) All classes of customers shall share equally in the  
24 transition costs through a charge on the distribution  
25 system.

26 (6) Electrical bills for all classes shall be unbundled,  
27 utilizing line itemization to reveal the various component  
28 costs of providing electrical services.

29 (7) All public benefit programs currently authorized  
30 by the Legislature or the commission, or both, shall be  
31 reevaluated and reauthorized no later than January 1,  
32 1999.

33 (8) Charges for public benefit programs currently  
34 authorized by the Legislature or the commission, or both,  
35 shall be unbundled and appear in line item format on  
36 electrical bills for all classes of customer.

37 (b) For purposes of this section, "public benefit  
38 programs" means all social, economic, and  
39 environmental programs currently funded through rates



1 *charged to customers receiving electrical services in the*  
2 *State of California.*

3 *(c) This section shall become inoperative on January*  
4 *1, 2003.*

5 *SEC. 3.* This act is an urgency statute necessary for the  
6 immediate preservation of the public peace, health, or  
7 safety within the meaning of Article IV of the  
8 Constitution and shall go into immediate effect. The facts  
9 constituting the necessity are:

10 ~~In order for customers or subscribers of utilities to be~~  
11 ~~able to identify the costs of complying with governmental~~  
12 ~~mandates as soon as possible, it is necessary that this act~~  
13 ~~take effect immediately.~~

14 *In order to facilitate the transition of the current*  
15 *regulatory utility structure to a new utility structure*  
16 *which will have a profound and immediate impact on the*  
17 *people and State of California, it is necessary that this act*  
18 *take effect immediately.*

