

AMENDED IN SENATE JUNE 19, 1996
AMENDED IN SENATE APRIL 8, 1996
AMENDED IN ASSEMBLY JULY 19, 1995
AMENDED IN ASSEMBLY JULY 11, 1995
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 Members Brulte, Conroy, and
Martinez**

February 24, 1995

~~An act to amend Sections 216 and 218 of, and to add Section 702.1 to, the Public Utilities Code, An act relating to public utilities.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1890, as amended, Brulte. Public utilities: restructuring *of the electric industry*.

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

~~This bill would amend the Public Utilities Act to require that the commission undertake various actions, including the facilitation of the efforts of the state's electrical corporations to develop and obtain authorization of the federal Energy Regulatory Commission for the creation and operation of an~~

~~independent system operator and an independent power exchange, and the authorization of direct transactions between electricity suppliers and end use customers, subject to implementation of a nonbypassable charge.~~

~~Since a violation of the Public Utilities Act is a misdemeanor, the bill would impose additional duties upon local law enforcement agencies, thereby constituting 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 a specified reason.~~

~~This bill would state the intent of the Legislature with respect to the restructuring of the electric industry.~~

~~The bill would become operative only if AB 3153 is enacted.~~

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

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

1 ~~SECTION 1.~~ The Legislature finds and declares all of
2 ~~SECTION 1.~~ *It is the intent of the Legislature to*
3 ~~restructure the electric utility industry now regulated by~~
4 ~~the State of California into a more competitive and~~
5 ~~efficient system that will bring lower electrical rates to all~~
6 ~~consumers at the earliest possible time, and simplify the~~
7 ~~regulation of the industry, while preserving system~~
8 ~~safety, reliability, and environmental protection. In~~
9 ~~pursuit of these reforms, it is the intent of the Legislature~~
10 ~~that the following policy issues shall be addressed as a part~~
11 ~~of the restructuring process:~~
12 ~~(a) The future structure of the generation of~~
13 ~~electricity, including all of the following:~~
14 ~~(1) The design of the new model for providing~~
15 ~~increased competition in the generation of electricity,~~
16 ~~specifically addressing, but not limited to, issues such as~~
17 ~~whether the model should be one of direct access with~~
18 ~~voluntary, market driven power pools, a system of~~



1 *mandatory power pools regulated by the state and federal*
2 *government, or a system of community level access to*
3 *generation, and how the transition to the new model will*
4 *be implemented.*

5 *(2) Market power, antitrust and divestiture of*
6 *generation assets irrespective of what model is adopted.*

7 *(3) How generation services would be regulated, if at*
8 *all, and how consumers will be protected.*

9 *(b) Transition cost calculation, including but not*
10 *limited to:*

11 *(1) Definition of transition costs to be considered.*

12 *(2) Methodology for determining value of*
13 *noneconomic and economic assets.*

14 *(3) An appropriate sharing of costs.*

15 *(4) The amortization period for recovery of costs.*

16 *(5) The cost recovery mechanism.*

17 *(c) Future structure of the transmission and*
18 *distribution system, including all of the following:*

19 *(1) Access to the transmission and distribution system*
20 *based on the generation or market model policy issues*
21 *addressed pursuant to subdivision (a).*

22 *(2) The role of the independent system or grid*
23 *operator in assuring smooth, efficient, and reliable system*
24 *operation.*

25 *(3) The nature of the future role of regulation of these*
26 *continuing monopoly functions to ensure that*
27 *cost-effectiveness, safety, and reliability are maximized in*
28 *the future with appropriate regulation.*

29 *(d) State policy issues, including all of the following:*

30 *(1) The future of all state-mandated policies that are*
31 *related to electrical energy and the manner in which they*
32 *will be continued as a part of a restructured electrical*
33 *industry, including programs dealing with low-income*
34 *customers, renewable and fuel diversity acquisition,*
35 *demand side management, electrical energy research*
36 *and development, biomass energy production, low- or*
37 *zero-emission vehicles, minority, women, disabled, and*
38 *veteran business enterprises, and economic*
39 *development.*



1 (2) *The manner in which the costs of the programs to*
2 *be continued will be recovered.*

3 (e) *Financial integrity and viability of the*
4 *investor-owned utilities that is inherent in any electric*
5 *industry restructuring.*

6 (f) *State and federal jurisdictional issues, including*
7 *both of the following:*

8 (1) *A cognizance of current and proposed federal law*
9 *and regulations regarding interstate transmission of*
10 *electricity and other issues.*

11 (2) *Changes in state policy to be coordinated with*
12 *federal government policy to minimize, to the extent*
13 *possible, jurisdictional problems.*

14 SEC. 2. *This act shall become operative only if*
15 *Assembly Bill 3153 of the 1995–96 Regular Session is*
16 *enacted.*

17
18
19
20
21
22
23

**All matter omitted in this version of the
bill appears in the bill as amended in the
Senate, April 8, 1996 (JR 11)**

