

AMENDED IN SENATE APRIL 3, 2000

**SENATE BILL**

**No. 1900**

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**Introduced by Senator Murray**

February 24, 2000

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An act to amend ~~Section 56129~~ *Sections 56129 and 56131* of the Government Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1900, as amended, Murray. Public utilities: gas and electric services.

**Existing**

(1) *Existing* law provides that if a public utility has been granted a certificate of public convenience and necessity authorizing and requiring it to furnish gas or electric services within a certain service area and, as a result of a change of organization or a reorganization, territory consisting of all, or any part, of that service area comes within a district authorized to furnish gas or electric service, the district shall not furnish that service within the territory unless approved by both the local agency formation commission and the voters at an election, as specified.

This bill would ~~make a technical, nonsubstantive change in this provision~~ also require approval by the Public Utilities Commission.

(2) *Existing* law requires the executive officer of the local agency formation commission to file with the Public Utilities Commission a certified copy of any proposal for a change of organization or reorganization that provides that gas or electric service be furnished by a district within any of the

affected territory. Existing law requires the Public Utilities Commission to investigate the proposal and to make a report to the commission, and authorizes the Public Utilities Commission to hold hearing on the matter.

This bill would require the Public Utilities Commission to hold hearings at the request of any interested party and to make a determination whether the proposed service by the district will adversely impact, rather than substantially impair, the ability of the public utility to provide adequate service at reasonable rates, whether the proposed service is consistent with state policies to prevent or remove economic waste, and whether it should be approved or disapproved. The bill would require the commission to consider specified factors in preparing its report and reaching a determination regarding approval or disapproval.

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

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

1 SECTION 1. (a) In enacting electric industry  
2 restructuring legislation in 1996 (Section 10 of Chapter  
3 854 of the Statutes of 1996), the Legislature found and  
4 declared that under the existing regulatory framework,  
5 California’s electrical corporations were granted  
6 franchise rights to provide electricity to consumers in  
7 their service territories. The Legislature also found and  
8 declared that transmission and distribution of electric  
9 power remain essential services imbued with the public  
10 interest that are provided over facilities owned and  
11 maintained by the state’s electrical corporations.

12 (b) The Legislature also has found and declared in  
13 Section 8101 of the Public Utilities Code that under  
14 certain conditions the sale and distribution of electric  
15 power and energy in the same geographical area both by  
16 an electrical utility and by an irrigation district results in  
17 duplication of service, waste of materials, increase in  
18 costs, waste of manpower, and economic loss, and is  
19 detrimental to efficiency, and therefore it is the policy of  
20 the state to prevent or remove that economic waste.



1 (c) *The Legislature finds and declares that it is the*  
2 *policy of this state that the sale and distribution of natural*  
3 *gas in the same geographical area both by an electrical*  
4 *utility and by a governmental agency with the power to*  
5 *sell and distribute natural gas results in duplication of*  
6 *service, waste of materials, increase in costs, waste of*  
7 *manpower, and economic loss, and is detrimental to*  
8 *efficiency, and therefore it is the policy of the state to*  
9 *prevent or remove that economic waste.*

10 (d) *It is the intent of the Legislature in enacting this*  
11 *act to ensure that the state policies of avoiding wasteful*  
12 *duplication in public utility services by local publicly*  
13 *owned electric utilities, as defined in subdivision (d) of*  
14 *Section 9604 of the Public Utilities Code, local publicly*  
15 *owned gas utilities, and private utilities are fully*  
16 *implemented during the restructuring of the electric and*  
17 *gas industry in California. In addition, it is the intent of*  
18 *the Legislature to ensure that the electrical and gas*  
19 *corporations maintain and enhance the safety, reliability,*  
20 *and cost-effectiveness of their distribution services, and*  
21 *that those services be provided on a comparable basis in*  
22 *a manner that protects small and residential customers as*  
23 *well as other customers.*

24 SEC. 2. Section 56129 of the Government Code is  
25 amended to read:

26 56129. (a) If a public utility has been granted a  
27 certificate of public convenience and necessity  
28 authorizing and requiring it to furnish gas or electric  
29 service within a certain service area and, as a result of a  
30 change of organization or a reorganization, territory  
31 consisting of all, or any part, of that service area becomes  
32 a part of, or is formed into, a district authorized by its  
33 principal act to furnish gas or electric service, the district  
34 shall not furnish that service within the territory except  
35 upon approval by ~~both~~ all of the following:

36 (1) *The Public Utilities Commission as provided in*  
37 *Section 56131.*

38 (2) *The commission after receipt and consideration of*  
39 *the report of the Public Utilities Commission made as*  
40 *provided in Section 56131.*



1 ~~(2)~~

2 (3) The voters within the territory, given at an  
3 election as provided in Section 56130.

4 (b) If ~~both~~ *all* of those approvals are given, upon  
5 assumption of service by the district, the public utility  
6 may at any time thereafter withdraw service within the  
7 territory, unless otherwise ordered by the Public Utilities  
8 Commission.

9 (c) “Gas or electric service,” as used in this section and  
10 in Sections 56130, 56131, and 56832, means the distribution  
11 and sale for any purpose, other than for the purpose of  
12 resale, of gas or electricity for light, heat, or power.

13 *SEC. 3. Section 56131 of the Government Code is*  
14 *amended to read:*

15 56131. (a) The executive officer shall file with the  
16 Public Utilities Commission a certified copy of any  
17 proposal for a change of organization or a reorganization  
18 ~~which~~ *that* provides, as a part of the change of  
19 organization or reorganization, that gas or electric  
20 service, as defined in subdivision (c) of Section 56129, be  
21 furnished by a district within any of the territory affected  
22 by the change of organization or reorganization. The  
23 certified copy need not contain any signatures if the  
24 proposal is by petition. After that change of organization  
25 or reorganization has been ordered, the clerk of the  
26 district shall file with the Public Utilities Commission a  
27 certified copy of any ordinance, resolution, or order made  
28 by the board of directors of a district proposing to furnish  
29 gas or electric service, as defined in subdivision (c) of  
30 Section 56129, within the territory.

31 After that filing, the Public Utilities Commission shall  
32 cause an investigation to be made and ~~may~~ *shall* conduct  
33 ~~any~~ *hearings at the request of any interested party* in  
34 connection with the proposal. Upon completion of the  
35 investigation and not later than ~~90~~ *180* days after the date  
36 of the filing, the Public Utilities Commission shall make  
37 a ~~report~~ *determination and report that determination* to  
38 the commission stating whether, in the opinion of the  
39 Public Utilities Commission, the proposed service by the  
40 district within the territory will ~~substantially impair~~



1 *adversely impact* the ability of the public utility to  
2 provide adequate service at reasonable rates within the  
3 remainder of the service area of the public utility,  
4 *whether the proposed service is consistent with state*  
5 *policies to prevent or remove economic waste, and*  
6 *whether the proposed service should be approved or*  
7 *disapproved.*

8 The secretary of the Public Utilities Commission shall  
9 immediately file a certified copy of that report with the  
10 executive officer.

11 *(b) The factors to be considered by the Public Utilities*  
12 *Commission in the preparation of its report and in*  
13 *reaching a determination regarding whether the*  
14 *proposed service should be approved or disapproved, as*  
15 *required by paragraph (1) of subdivision (a) of Section*  
16 *56129 and subdivision (a) of this section shall include, but*  
17 *not be limited to, all of the following:*

18 *(1) Whether the proposed service by the district*  
19 *within the territory will adversely impact the ability of*  
20 *the public utility to provide adequate service at*  
21 *reasonable rates within the remainder of the service area*  
22 *of the public utility, particularly to residential and small*  
23 *commercial customers of the public utility.*

24 *(2) Whether the proposed service is consistent with*  
25 *state policies to prevent or remove economic waste.*

26 *(3) Whether the proposed service would reduce in*  
27 *value or render useless any facilities already constructed*  
28 *by the utility.*

29 *(4) Whether the district would be assuming an*  
30 *obligation to provide universal service to all customers*  
31 *who request service at published tariff rates within the*  
32 *territory to be served.*

33 *(5) Whether the district would adopt line extension*  
34 *rules comparable to those of the utility.*

35 *(6) Whether the district would adopt consumer*  
36 *protection provisions at least comparable to those*  
37 *established by the Public Utilities Commission for*  
38 *utilities.*

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