

AMENDED IN ASSEMBLY JUNE 28, 2010

AMENDED IN ASSEMBLY JUNE 16, 2010

SENATE BILL

No. 947

Introduced by Senator Leno

(Principal coauthor: Assembly Member Yamada)

(Coauthor: ~~Assembly Member Bradford~~)

February 4, 2010

An act to add Article 6.5 (commencing with Section 860) to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, relating to electrical and gas corporations.

LEGISLATIVE COUNSEL'S DIGEST

SB 947, as amended, Leno. Electrical and gas corporations: political expenditures.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined.

The federal Public Utility Regulatory Policies Act of 1978 requires every state regulatory authority with respect to each electric utility, as defined, for which it has ratemaking authority, to determine whether to adopt certain federal standards if consistent with otherwise applicable state law. The federal standards prohibit an electric utility from recovering from any person other than the shareholders or other owners of the utility, any direct or indirect expenditure by the electric utility for promotional or political advertising, as defined.

This bill would prohibit an electrical and gas corporation that serves more than 3,000,000 customers from spending funds received from ratepayers as authorized revenues on political and public affairs, as defined, related to state or local governments. The bill would require

each electrical and gas corporation that serves more than 3,000,000 customers to annually report to the commission all political and public affairs spending for the preceding year and would require the commission to ensure that all political and public affairs spending identified in the annual report is not included in rates paid by the ratepayers of the electrical and gas corporation.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and require action by the commission to implement its requirements, the bill would impose a state-mandated local program by creating a new crime.

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.

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

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

1 SECTION 1. Article 6.5 (commencing with Section 860) is
2 added to Chapter 4 of Part 1 of Division 1 of the Public Utilities
3 Code, to read:

4
5 Article 6.5. Political and Public Affairs Expenditures
6

7 860. (a) An electrical and gas corporation that serves more
8 than 3,000,000 customers shall not spend funds received from
9 ratepayers as authorized revenues on political and public affairs
10 related to state or local governments. For purposes of this section,
11 political and public affairs spending includes any activities
12 involving, directly or indirectly, advocacy of the election or defeat
13 of political candidates and of the adoption or defeat of ballot
14 measures, through the actions of the corporation or through a third
15 party. Political and public affairs spending prohibited by this
16 section does not include spending on contacts with state agency

1 officials or local officials required as part of licensing or regulatory
2 proceedings or to optimize utility operations.

3 (b) Each electrical and gas corporation that serves more than
4 3,000,000 customers shall annually report to the commission all
5 political and public affairs spending for the preceding year,
6 including, but not limited to, any amounts reported pursuant to the
7 Political Reform Act of 1974 (Title 9 (commencing with Section
8 81000) of the Government Code) to the Secretary of State, the Fair
9 Political Practices Commission, or any local election official by
10 any affiliate of the electrical and gas corporation, and including
11 any amounts contributed by the utility, or any affiliate, to a
12 reporting entity. The commission shall approve the form of the
13 report and shall determine the annual date by which the report is
14 to be filed by each electrical and gas corporation that serves more
15 than 3,000,000 customers.

16 (c) The commission shall ensure that all political and public
17 affairs spending identified in the annual report pursuant to
18 subdivision (b) is not included in rates paid by the ratepayers of
19 an electrical and gas corporation that serves more than 3,000,000
20 customers by disallowing the reported amounts from revenues
21 authorized to be collected from ratepayers and reducing the
22 corporation's rates.

23 (d) Subdivisions (a) and (c) are applicable to all ratemaking
24 proceedings that are pending on or after January 1, 2011.