

**ASSEMBLY BILL**

**No. 1031**

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**Introduced by Assembly Member Canciamilla**

February 23, 2001

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An act relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1031, as introduced, Canciamilla. Natural gas supplies.

Existing uncodified law urges the Public Utilities Commission to: (a) expeditiously unbundle public utility gas storage service, (b) encourage the development of independent gas storage by establishing interconnection rules and modifying cost allocations, (c) allow market-based storage rates, (d) give expedited consideration of applications for certificates of public convenience and necessity filed by independent storage providers, and (e) ensure that storage costs borne by core customers are commensurate with benefits. That law requests the commission to report to the Legislature on or before July 1, 1993, explaining the steps taken to foster the development of a competitive natural gas storage market. Under its existing ratemaking authority, the commission has issued several decisions to increase competition in the gas industry that remove the subsidization of utility-provided noncore natural gas storage services with revenue from sources other than noncore customers, adopt market-based rates for noncore storage, and permit other nonutility companies to develop storage facilities in competition with existing public utilities.

This bill would make legislative findings and declarations with respect to natural gas price increases and the intent of the Legislature to address the long term risks of high natural gas prices by reducing California's dependence in winter months on out-of-state gas supplies

and passing comprehensive legislation to increase in-state natural gas pipeline capacity, increase in-state natural gas storage, and increase the amount of natural gas produced within the state.

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The price of natural gas for residential customers in this
- 4 state has fluctuated by as much as 200 percent since October 2000.
- 5 (b) This fluctuation is the result of exorbitant wholesale prices
- 6 for natural gas at the California border, which have been as much
- 7 as 800 times higher than the price paid for the same gas at
- 8 marketing hubs.
- 9 (c) These high prices for natural gas pose a major threat to the
- 10 economy and the quality of life in this state, as major industrial
- 11 users of natural gas will be forced to scale back production due to
- 12 high natural gas bills and lay off employees, other producers will
- 13 be forced to raise retail prices, and low-income residential natural
- 14 gas customers will be forced to turn off their heat, or will be unable
- 15 to pay their bills.
- 16 (d) It is the intent of the Legislature to address the long term
- 17 risks of high natural gas prices by reducing California's
- 18 dependence in winter months on out-of-state gas supplies and
- 19 passing comprehensive legislation that will increase in-state
- 20 natural gas pipeline capacity, increase in-state natural gas storage,
- 21 and increase the amount of natural gas produced within the state.

