

AMENDED IN SENATE JUNE 19, 2002

AMENDED IN ASSEMBLY APRIL 1, 2002

CALIFORNIA LEGISLATURE—2001–02 REGULAR SESSION

ASSEMBLY BILL

No. 2838

Introduced by Assembly Member Canciamilla

February 25, 2002

An act to add Section 455.2 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2838, as amended, Canciamilla. Water rates.

Existing law requires the Public Utilities Commission to establish rates for water corporations.

~~This bill would require the commission to follow a certain procedure when a water corporation files with the commission, pursuant to the commission's rate case plan for general rate increase applications or pursuant to an advice letter submitted in accordance with commission procedures, a schedule stating rates, classifications, contracts, practices, or rules for the service of water.~~

This bill would require the commission to issue a final decision, within a specified timeframe, on a water corporation's application for a general rate increase pursuant to the commission's rate case plan for general rate increase applications. The bill would authorize the applicant to file a tariff implementing new rates sufficient to recover 75% of the rate increase requested in the application if the commission decision is not effective in accordance with the specified timeframe. The bill would require the commission to establish a schedule to require

every water corporation that is subject to the rate case plan for water corporations to file an application pursuant to the plan every 3 years. The bill would provide that its provisions may be waived at any time by mutual consent of the commission and the water corporation.

Vote: majority. Appropriation: no. Fiscal committee: yes. 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) Water corporations are currently faced with and will~~
4 ~~continue to be faced with the following:~~

5 (a) *The rate case plan for water corporations adopted by the*
6 *Public Utilities Commission in Decision No. 90-08-045 has not*
7 *been updated or revised to reflect statutes adopted since its*
8 *promulgation in 1990.*

9 (b) *It is in the public's interest to provide a certain but flexible*
10 *schedule for investigating and addressing rate changes proposed*
11 *by water corporations.*

12 (c) *Not later than December 31, 2003, the commission should*
13 *review and revise, as appropriate, the rate case plan for water*
14 *corporations adopted by Decision No. 90-08-045 to ensure its*
15 *consistency with relevant statutes and commission practice in*
16 *addressing rate applications by water corporations.*

17 (d) *Whenever a water corporation files an application for a*
18 *rate change pursuant to the rate case plan for water corporations,*
19 *the commission should render a decision consistent with the*
20 *schedule established in the plan.*

21 SEC. 2. Section 455.2 is added to the Public Utilities Code, to
22 read:

23 455.2. (a) *The commission shall issue its final decision on a*
24 *water corporation's general rate case application in a manner that*
25 *ensures that the commission's decision becomes effective on the*
26 *first day of the first test year in the general rate increase*
27 *application for applicants filing in January, or on the first day of*
28 *June of the first test year in the general rate increase application*
29 *for applicants filing in July.*

30 (b) *If the commission's decision is not effective in accordance*
31 *with subdivision (a), the applicant may file a tariff implementing*

1 new rates sufficient to recover 75 percent of any increase in
2 revenue requirement requested in its application. Any recovery of
3 additional revenue requirement shall be subject to refund to the
4 extent that it is inconsistent with the final decision of the
5 commission.

6 (c) The rate schedules for a water corporation that files a tariff
7 pursuant to subdivision (b) shall become effective on the first day
8 of the first test year in the general rate increase application for
9 applicants filing in January, or on the first day of June of the first
10 test year in the general rate increase application for applicants
11 filing in July.

12 (d) The commission shall establish a schedule to require every
13 water corporation subject to the rate case plan for water
14 corporations to file an application pursuant to the plan every three
15 years. The plan shall include a provision to allow the filing
16 requirement to be waived upon mutual agreement of the
17 commission and the water corporation.

18 (e) The requirements of this section may be waived at any time
19 by mutual consent of the commission and the water corporation.

20 ~~(1) The need to devote ever increasing resources, time, and~~
21 ~~capital to secure and protect their public water supplies and public~~
22 ~~water systems from sabotage, infection, contamination, damage,~~
23 ~~or interference by terrorists, or threats of terrorists.~~

24 ~~(2) The need to design, construct, and operate water system~~
25 ~~infrastructure, plants, and facilities, using the best available~~
26 ~~technologies, to comply with increasingly stringent state and~~
27 ~~federal safe drinking water laws and resolutions.~~

28 ~~(3) The need to develop new sources of supply, make existing~~
29 ~~sources of supply safe, secure, and more reliable, and encourage~~
30 ~~and implement water conservation measures, including water~~
31 ~~reclamation and reuse.~~

32 ~~(4) The need to replace or upgrade water infrastructure, plants,~~
33 ~~and facilities to meet the governing fire flow standards for public~~
34 ~~fire protection purposes and to protect the public health and safety.~~

35 ~~(b) The Public Utilities Commission needs to act timely in~~
36 ~~making determinations and establishing rates for water service so~~
37 ~~that water corporations can meet their obligation to provide their~~
38 ~~ratepayers with safe, secure, and reliable water service.~~

39 ~~SEC. 2.—Section 455.2 is added to the Public Utilities Code, to~~
40 ~~read:~~

~~455.2. Whenever a water corporation files with the commission, pursuant to the commission's rate case plan for general rate increase applications or pursuant to an advice letter submitted in accordance with commission procedures for this means of submission, a schedule stating rates, classifications, contracts, practices, or rules for the service of water, the commission shall observe the following procedures:~~

~~(a) Except as provided in subdivisions (b) and (c), the schedule, as filed, shall become effective, on an interim basis subject to refund, 214 days following the date the application was filed pursuant to the commission's rate case plan for general rate increase applications or 40 days following the filing of the schedule pursuant to an advice letter.~~

~~(b) If, upon its own initiative, the commission, acting through the staff organization with responsibility for reviewing general rate case applications or advice letter filings, determines that the schedule filed by a water corporation is not justified, it shall notify the water corporation of the determination in writing 99 days from the date of filing of an application and 30 days from the date of filing of the schedule pursuant to an advice letter and shall state in the notice all changes to the schedule that are required to make it just and reasonable in the opinion of the staff organization. Upon the filing of a revised schedule by the water corporation within 10 days of receipt of the notice from the commission, acting through the staff organization, incorporating all changes specified in the notice, the revised schedule shall become effective, on an interim basis not subject to refund, upon the expiration of five days from the date of the refiling.~~

~~(c) If the commission, acting through the staff organization, files a notice of changes as provided in subdivision (b), the commission shall set the matter for a hearing on the application or advice letter to be held within a reasonable time from the date of the notice. The revised schedule shall become final upon commission action approving the revised schedule or otherwise as the commission finds to be just and reasonable.~~