

AMENDED IN SENATE AUGUST 5, 2002

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 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~~ *interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates* 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 *executive director 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) The rate case plan for water corporations adopted by the
4 Public Utilities Commission in Decision No. 90-08-045 has not
5 been updated or revised to reflect statutes adopted since its
6 promulgation in 1990.

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

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

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

19 (e) *The provisions of this act should not be construed as*
20 *precedent for any other utility.*

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 *general rate case application of a water corporation with greater*
26 *than 10,000 service connections in a manner that* ensures that the
27 commission's decision becomes effective on the first day of the
28 first test year in the general rate increase ~~application for applicants~~
29 ~~filing in January, or on the first day of June of the first test year in~~
30 ~~the general rate increase application for applicants filing in July.~~
31 *application.*

32 (b) If the commission's decision is not effective in accordance
33 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 ~~(e) 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) interim rates that may be increased by an amount equal to~~
13 ~~the rate of inflation as compared to existing rates. The interim~~
14 ~~rates shall be effective on the first day of the first test year in the~~
15 ~~general rate case application. These interim rates shall be subject~~
16 ~~to refund and shall be adjusted upward or downward back to the~~
17 ~~interim rate effective date, consistent with the final rates adopted~~
18 ~~by the commission. The commission may authorize lower interim~~
19 ~~rates if the commission finds the rates to be in the public interest.~~
20 ~~If the presiding officer in the case determines that the commission's~~
21 ~~decision cannot become effective on the first day of the first test~~
22 ~~year due to actions by the water corporation, the presiding officer~~
23 ~~or commission may require a different effective date for the interim~~
24 ~~rates or final rates.~~

25 (c) The commission shall establish a schedule to require every
26 water corporation subject to the rate case plan for water
27 corporations to file an application pursuant to the plan every three
28 years. The plan shall include a provision to allow the filing
29 requirement to be waived upon mutual agreement of the
30 commission and the water corporation.

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

33 (d) *The requirements of subdivisions (a) and (b) may be waived*
34 *at any time by mutual consent of the executive director of the*
35 *commission and the water corporation.*