

Assembly Bill No. 2838

CHAPTER 1147

An act to amend Section 409 of, and to add Section 455.2 to, the Public Utilities Code, relating to public utilities, and making an appropriation therefor.

[Approved by Governor September 30, 2002. Filed
with Secretary of State September 30, 2002.]

I am signing Assembly Bill 2838, but reducing the appropriation from the Public Utilities Commission Utilities Reimbursement Account from \$445,000 to \$222,500.

This bill requires the Public Utilities Commission (PUC) to act on water utilities' rate applications within specified timelines and allows water utilities to enact interim rates at the rate of inflation when their rate cases are delayed, subject to refunds by the PUC. The bill also requires water utilities to file a rate application with the PUC every three years.

GRAY DAVIS, Governor

LEGISLATIVE COUNSEL'S DIGEST

AB 2838, Canciamilla. Public Utilities Commission: fees: water rates.

(1) Existing law authorizes the Public Utilities Commission to collect penalties, or bring an action for the collection of fees and penalties, from public utilities that fail to submit certain reports and fees required by the commission. Existing law requires that the penalties collected be deposited in the Public Utilities Commission Utilities Reimbursement Account in the General Fund.

This bill would instead require that these penalties be deposited in the General Fund.

(2) 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, involving a water corporation with greater than 10,000 service connections, 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 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.

The bill would appropriate \$445,000 from moneys derived from regulatory fees deposited in the Public Utilities Commission Utilities Reimbursement Account in the General Fund for costs incurred by the commission in the administration of these provisions.

Appropriation: yes.

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

SECTION 1. The Legislature finds and declares all of the following:

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

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

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

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

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

SEC. 2. Section 409 of the Public Utilities Code is amended to read:

409. (a) Notwithstanding any other provision of law, all fees and charges collected pursuant to this code by the commission from each public utility subject to Section 431, with the exception of any penalty collected pursuant to Section 405 or 406, shall be deposited in the Public Utilities Commission Utilities Reimbursement Account, in addition to the fee authorized by Section 431.

(b) A penalty collected pursuant to Section 405 or 406 shall be deposited in the General Fund.

SEC. 3. Section 455.2 is added to the Public Utilities Code, to read:

455.2. (a) The commission shall issue its final decision on a general rate case application of a water corporation with greater than 10,000 service connections in a manner that ensures that the commission's



decision becomes effective on the first day of the first test year in the general rate increase application.

(b) If the commission's decision is not effective in accordance with subdivision (a), the applicant may file a tariff implementing interim rates that may be increased by an amount equal to the rate of inflation as compared to existing rates. The interim rates shall be effective on the first day of the first test year in the general rate case application. These interim rates shall be subject to refund and shall be adjusted upward or downward back to the interim rate effective date, consistent with the final rates adopted by the commission. The commission may authorize a lesser increase in interim rates if the commission finds the rates to be in the public interest. If the presiding officer in the case determines that the commission's decision cannot become effective on the first day of the first test year due to actions by the water corporation, the presiding officer or commission may require a different effective date for the interim rates or final rates.

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

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

SEC. 4. The sum of four hundred forty-five thousand dollars (\$445,000) is hereby appropriated from the Public Utilities Commission Utilities Reimbursement Account in the General Fund for costs incurred by the Public Utilities Commission in the 2002–03 fiscal year in the administration of Section 455.2 of the Public Utilities Code. That sum shall be allocated from those moneys in the Public Utilities Commission Utilities Reimbursement Account derived from the imposition of regulatory fees pursuant to Section 431 of the Public Utilities Code, and may not include moneys in the Public Utilities Commission Utilities Reimbursement Account derived from the imposition of penalties pursuant to Sections 405 and 406 of the Public Utilities Code.

