

AMENDED IN SENATE MAY 14, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 32

Introduced by Senator Alpert

February 5, 2001

An act to amend Section 332.1 of the Public Utilities Code, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 32, as amended, Alpert. Electric bills: bill stabilization.

(1) The Public Utilities Act requires the Public Utilities Commission to establish a ceiling of \$0.065 per kilowatthour on the energy component of electric bills for electricity supplied to residential, small commercial, and street lighting customers by the San Diego Gas and Electric Company, through December 31, 2002, retroactive to June 1, 2000. The commission may extend the ceiling through December 2003. Existing law requires the commission to establish an accounting procedure to track and recover reasonable and prudent costs of providing electric energy to retail customers unrecovered through retail bills due to the application of this ceiling, as prescribed, which shall provide a reasonable opportunity for San Diego Gas and Electric Company to recover its reasonable and prudent costs of service over a reasonable period of time.

This bill would also require that any cost recovery authorized by these provisions shall be adjusted to ensure that any residential or small commercial customer who has purchased energy from a provider other than the San Diego Gas and Electric Company on or after June 1, 2000,

[1] Corrected 5-15-01—See last page.

does not pay the San Diego Gas and Electric Company for energy the customer has not purchased from that company. Because a violation of the Public Utilities Act is a crime, this bill would impose a state-mandated local program by changing the definition of a crime.

~~(1) Existing law restructuring the electrical industry establishes a process for the recovery by specified electrical corporations of certain uneconomic costs during a transition period that began on January 1, 1998, and ends for an electrical corporation on the earlier of March 31, 2002, or the date that the electrical corporation fully recovers its uneconomic costs. During the transition period, existing law imposes a rate freeze and a rate reduction, as prescribed, to remain in effect until March 31, 2002, unless the electrical corporation fully recovers its uneconomic costs at an earlier date.~~

~~The San Diego Gas and Electric Company has recovered all uneconomic costs subject to existing law, and, pursuant to a decision of the Public Utilities Commission, is no longer subject to the rate freeze and rate reduction. An existing order of the commission adopts a bill stabilization plan for certain customers of the company, as prescribed.~~

(2) 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.

(3) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. Section 332.1 of the Public Utilities Code is
2 amended to read:
3 ~~332.1.—(a) (1) It is the intent of the Legislature to enact Item~~
4 332.1. (a) (1) It is the intent of the Legislature to enact Item
5 1 (revised) on the commission’s August 21, 2000, agenda, entitled
6 “Opinion Modifying Decision (D.) D.00-06-034 and
7 D.00-08-021 to Regarding Interim Rate Caps for San Diego Gas
8 and Electric Company,” as modified below.



1 (2) It is also the intent of the Legislature that to the extent that
2 the Federal Energy Regulatory Commission orders refunds to
3 electrical corporations pursuant to their findings, the commission
4 shall ensure that any refunds are returned to customers.

5 (b) The commission shall establish a ceiling of six and
6 five-tenths cents (\$0.065) per kilowatthour on the energy
7 component of electric bills for electricity supplied to residential,
8 small commercial, and street lighting customers by the San Diego
9 Gas and Electric Company, through December 31, 2002,
10 retroactive to June 1, 2000. If the commission finds it in the public
11 interest, this ceiling may be extended through December 2003 and
12 may be adjusted as provided in subdivision (d).

13 (c) The commission shall establish an accounting procedure to
14 track and recover reasonable and prudent costs of providing
15 electric energy to retail customers unrecovered through retail bills
16 due to the application of the ceiling provided for in subdivision (b).
17 The accounting procedure shall utilize revenues associated with
18 sales of energy from utility-owned or managed generation assets
19 to offset an undercollection, if undercollection occurs. The
20 accounting procedure shall be reviewed periodically by the
21 commission, but not less frequently than semiannually. The
22 commission may utilize an existing proceeding to perform the
23 review. The accounting procedure and review shall provide a
24 reasonable opportunity for San Diego Gas and Electric Company
25 to recover its reasonable and prudent costs of service over a
26 reasonable period of time. *For any residential or small commercial*
27 *customer who has purchased energy from a provider other than the*
28 *San Diego Gas and Electric Company on or after June 1, 2000, any*
29 *cost recovery authorized pursuant to this section shall be adjusted*
30 *to ensure that the customer does not pay the San Diego Gas and*
31 *Electric Company for energy the customer has not purchased from*
32 *the San Diego Gas and Electric Company.*

33 (d) If the commission determines that it is in the public interest
34 to do so, the commission, after the date of the completion of the
35 proceeding described in subdivision (g), may adjust the ceiling
36 from the level specified in subdivision (b), and may adjust the
37 frozen rate from the levels specified in subdivision (f), consistent
38 with the Legislature's intent to provide substantial protections for
39 customers of the San Diego Gas and Electric Company and their
40 interest in just and reasonable rates and adequate service.



1 (e) For purposes of this section, “small commercial customer”
2 includes, but is not limited to, all San Diego Gas and Electric
3 Company accounts on Rate Schedule A of the San Diego Gas and
4 Electric Company, all accounts of customers who are “general
5 acute care hospitals,” as defined in Section 1250 of the Health and
6 Safety Code, all San Diego Gas and Electric Company accounts
7 of customers who are public or private schools for pupils in
8 kindergarten or any of grades 1 to 12, inclusive, and all accounts
9 on Rate Schedule AL-TOU under 100 kilowatts.

10 (f) The commission shall establish an initial frozen rate of six
11 and five-tenths cents (\$0.065) per kilowatthour on the energy
12 component of electric bills for electricity supplied to all customers
13 by the San Diego Gas and Electric Company not subject to
14 subdivision (b), for the time period ending with the end of the rate
15 freeze for the Pacific Gas and Electric Company and the Southern
16 California Edison Company pursuant to Section 368, retroactive
17 to February 7, 2001. The commission shall consider the
18 comparable energy components of rates for comparable customer
19 classes served by the Pacific Gas and Electric Company and the
20 Southern California Edison Company and, if it determines it to be
21 in the public interest, the commission may adjust this frozen rate,
22 and may do so, retroactive to the date that rate increases took effect
23 for customers of Pacific Gas and Electric Company and Southern
24 California Edison Company pursuant to the commission’s March
25 27, 2001, decision. The commission shall determine the Fixed
26 Department of Water Resources Set-Aside pursuant to Section
27 360.5 for customers subject to this section, reflecting a retail rate
28 consistent with the rate for the energy component of electric bills
29 as determined in this subdivision, in place of the retail rate in effect
30 on January 5, 2001. This section shall be construed to modify the
31 payment provisions, but may not be construed to modify the
32 electric procurement obligations of the Department of Water
33 Resources, pursuant to any contract or agreement in accordance
34 with Division 27 (commencing with Section 80000) of the Water
35 Code, and in effect as of February 7, 2001, between the
36 Department of Water Resources and San Diego Gas and Electric
37 Company.

38 (g) The commission shall institute a proceeding to examine the
39 prudence and reasonableness of the San Diego Gas and Electric
40 Company in the procurement of wholesale energy on behalf of its



1 customers, for a period beginning at the latest on June 1, 2000. If
2 the commission finds that San Diego Gas and Electric Company
3 acted imprudently or unreasonably, the commission shall issue
4 orders that it determines to be appropriate affecting the retail rates
5 of San Diego Gas and Electric Company customers including, but
6 not limited to, refunds.

7 (h) Nothing in this section shall be construed to limit the
8 authority of the Department of Water Resources pursuant to
9 Division 27 (commencing with Section 80000) of the Water Code.
10 ~~1 (revised) on the commission's August 21, 2000, agenda, entitled~~
11 ~~"Opinion Modifying Decision (D.) D.00-06-034 and~~
12 ~~D.00-08-021 to Regarding Interim Rate Caps for San Diego Gas~~
13 ~~and Electric Company," as modified below.~~

14 ~~(2) It is also the intent of the Legislature that to the extent that~~
15 ~~the Federal Energy Regulatory Commission orders refunds to~~
16 ~~electrical corporations pursuant to their findings, the commission~~
17 ~~shall ensure that any refunds are returned to customers.~~

18 ~~(3) It is the intent of the Legislature that direct access customers~~
19 ~~in the San Diego Gas and Electric Company territory not be~~
20 ~~discriminated against in the implementation of this section.~~

21 ~~(b) The commission shall establish a ceiling of six and~~
22 ~~five-tenth cents (\$.065) per kilowatthour on the energy component~~
23 ~~of electric bills for residential, small commercial, and street~~
24 ~~lighting customers of the San Diego Gas and Electric Company,~~
25 ~~through December 31, 2002, retroactive to June 1, 2000. If the~~
26 ~~commission finds it in the public interest, this ceiling may be~~
27 ~~extended through December 2003 and may be adjusted as~~
28 ~~provided in subdivision (d). The commission shall require the San~~
29 ~~Diego Gas and Electric Company to provide the economic value~~
30 ~~of the rate cap imposed in this subdivision to direct access~~
31 ~~customers through a credit on their bills.~~

32 ~~(c) The commission shall establish an accounting procedure to~~
33 ~~track and recover reasonable and prudent costs of providing~~
34 ~~electric energy to retail customers unrecovered through retail bills~~
35 ~~due to the application of the ceiling provided for in subdivision (b).~~
36 ~~The accounting procedure shall utilize revenues associated with~~
37 ~~sales of energy from utility owned or managed generation assets~~
38 ~~to offset an undercollection, if undercollection occurs. The~~
39 ~~accounting procedure shall be reviewed periodically by the~~
40 ~~commission, but not less frequently than semiannually. The~~



1 ~~commission may utilize an existing proceeding to perform the~~
2 ~~review. The accounting procedure and review shall provide a~~
3 ~~reasonable opportunity for San Diego Gas and Electric Company~~
4 ~~to recover its reasonable and prudent costs of service over a~~
5 ~~reasonable period of time.~~

6 ~~(d) If the commission determines that it is in the public interest~~
7 ~~to do so, the commission, after the date of the completion of the~~
8 ~~proceeding described in subdivision (g), may adjust the ceiling~~
9 ~~from the level specified in subdivision (b), consistent with the~~
10 ~~Legislature's intent to provide substantial protections for~~
11 ~~customers of the San Diego Gas and Electric Company and their~~
12 ~~interest in just and reasonable rates and adequate service.~~

13 ~~(e) For purposes of this section, "small commercial customer"~~
14 ~~includes, but is not limited to, all San Diego Gas and Electric~~
15 ~~Company accounts on Rate Schedule A of the San Diego Gas and~~
16 ~~Electric Company, all accounts of customers who are "general~~
17 ~~acute care hospitals," as defined in Section 1250 of the Health and~~
18 ~~Safety Code, all San Diego Gas and Electric Company accounts~~
19 ~~of customers who are public or private schools for pupils in~~
20 ~~kindergarten or any of grades 1 to 12, inclusive, and all accounts~~
21 ~~on Rate Schedule AL TOU under 100 kilowatts.~~

22 ~~(f) The commission shall establish a program for large~~
23 ~~commercial, agricultural, and industrial customers who buy~~
24 ~~energy from the San Diego Gas and Electric Company, on a~~
25 ~~voluntary basis, at the election of the customer, to set the energy~~
26 ~~component of their bills at six and five tenths cents (\$.065) per~~
27 ~~kilowatthour with a true-up after a year.~~

28 ~~(g) The commission shall institute a proceeding to examine the~~
29 ~~prudence and reasonableness of the San Diego Gas and Electric~~
30 ~~Company in the procurement of wholesale energy on behalf of its~~
31 ~~customers, for a period beginning at the latest on June 1, 2000. If~~
32 ~~the commission finds that San Diego Gas and Electric Company~~
33 ~~acted imprudently or unreasonably, the commission shall issue~~
34 ~~orders that it determines to be appropriate affecting the retail rates~~
35 ~~of San Diego Gas and Electric Company customers including, but~~
36 ~~not limited to, refunds.~~

37 SEC. 2. No reimbursement is required by this act pursuant to
38 Section 6 of Article XIII B of the California Constitution because
39 the only costs that may be incurred by a local agency or school
40 district will be incurred because this act creates a new crime or



1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

6 SEC. 3. This act is an urgency statute necessary for the
7 immediate preservation of the public peace, health, or safety
8 within the meaning of Article IV of the Constitution and shall go
9 into immediate effect. The facts constituting the necessity are:

10 In order to ensure that the bill stabilization plan is implemented
11 in an equitable fashion as soon as possible, it is necessary that this
12 act take effect immediately.

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14 CORRECTIONS

15 Text — Pages 6 and 7.

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