

AMENDED IN SENATE FEBRUARY 14, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

SENATE BILL

No. 33

Introduced by Senators Burton and Sher

February 6, 2001

~~An act to add Division 1.7 (commencing with Section 3400) to the Public Utilities Code, relating to electric power. An act to add Section 330.5 to the Public Utilities Code, relating to electric power.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 33, as amended, Burton. ~~California Transmission Authority Electric power: transmission facilities: purchase.~~

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and other specified entities.

~~This bill would create the California Transmission Authority, with powers and responsibilities as prescribed, including the issuance of bonds, for the purposes of (1) owning and operating the assets of the state's electric transmission grid; (2) providing certain services relating to the grid; (3) monitoring the electric market to identify and mitigate market power abuse; and (4) undertaking and executing transmission planning and grid expansion; and (5) offering to purchase the transmission assets of any investor-owned utility. The bill would prohibit the authority, in its operation of the transmission system, from taking any action to discriminate against clean, efficient distributed generation, intermittent renewable resources, or demand response or energy efficiency initiatives.~~

~~The bill would require transmission projects that are greater than 200 kilovolts and cost more than \$10,000,000 to be subject to the approval of the State Energy Resources Conservation and Development Commission. The bill would require the commission to approve projects submitted for review as specified not later than 12 months after receipt of a completed application for approval. The bill would create in the State Treasury the California Transmission Authority Fund, and all money in the fund, upon appropriation, would be available for the support of the authority.~~

This bill would authorize the Governor to formulate a plan, through negotiation with representatives of electrical corporations, as defined, for the state to purchase the transmission facilities owned by electrical corporations in California.

The bill would require the Governor submit the plan to the Legislature for its consideration for subsequent adoption by statute and any necessary additional implementing legislation, including (a) authority for the State Treasurer to issue revenue bonds to finance the acquisition by the state of the transmission facilities of electrical corporations and to finance necessary improvements and expansion of the state’s electrical transmission system and (2) authority for the state to contract with electrical corporations for the ongoing maintenance, repair, construction, expansion, or improvement of the transmission facilities purchased by the state under the adopted plan.

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. Division 1.7 (commencing with Section 3400)~~
- 2 *SECTION 1. Section 330.5 is added to the Public Utilities*
- 3 *Code, to read:*
- 4 *330.5. (a) The Governor may formulate a plan, through*
- 5 *negotiation with representatives of electrical corporations, as*
- 6 *defined in Section 218, for the state to purchase the transmission*
- 7 *facilities owned by electrical corporations in California.*
- 8 *(b) The Governor shall submit the plan formulated under*
- 9 *subdivision (a) to the Legislature for its consideration for*
- 10 *subsequent adoption by statute and any necessary additional*
- 11 *implementing legislation, which may include, but need not be*
- 12 *limited to, all of the following:*



1 (1) Authority for the State Treasurer to issue revenue bonds to
2 finance the acquisition by the state of the transmission facilities of
3 electrical corporations and to finance necessary improvements
4 and expansion of the state’s electrical transmission system.

5 (2) Authority for the state to contract with electrical
6 corporations for the ongoing maintenance, repair, construction,
7 expansion, or improvement of the transmission facilities
8 purchased by the state under the adopted plan.

9 is added to the Public Utilities Code, to read:

10
11 ~~DIVISION 1.7. CALIFORNIA TRANSMISSION~~
12 ~~AUTHORITY ACT~~

13
14 ~~CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS~~

15
16 3400. The Legislature finds and declares all of the following:

17 (a) Electricity is a commodity that uniquely impacts upon the
18 public interest.

19 (b) Because of that impact, the operation and expansion of the
20 transmission grid must be conducted in a manner that does all of
21 the following:

22 (1) Protects electricity consumers.

23 (2) Encourages fair competition.

24 (3) Protects the public health and the environment.

25 (4) Encourages renewable resources, clean and efficient
26 distributed generation, energy efficiency, and demand
27 responsiveness.

28 (5) Balances supply and demand interests at the lowest cost to
29 the public.

30 (c) As a means of protecting and enhancing the interests of the
31 people of California, the state should become the owner and
32 operator of the assets of the transmission grid.

33 3401. This division shall be known and may be cited as the
34 California Transmission Authority Act.

35 3402. As used in this division, unless the context otherwise
36 requires, the following terms have the following meanings:

37 (a) “Act” means the California Transmission Authority Act.

38 (b) “Authority” means the California Transmission Authority
39 established pursuant to Section 3420 and any board, commission,
40 department, or officer succeeding to the functions thereof, or to



1 whom the powers conferred upon the authority by this division
2 shall be given by law.

3 (e) ~~“Board” means the Board of Directors of the California
4 Transmission Authority.~~

5 (d) ~~“Bond purchase agreement” means a contractual
6 agreement executed between the authority and a participating
7 party, or a special purpose trust authorized by the authority or a
8 participating party, or both, whereby the authority or special
9 purpose trust authorized by the authority agrees to purchase bonds
10 of the participating party for retention or sale.~~

11 (e) ~~“Bonds” means bonds, including structured, senior, and
12 subordinated bonds or other securities; loans; notes, including
13 bond revenue, tax or grant anticipation notes; commercial paper;
14 floating rate and variable maturity securities; and any other
15 evidences of indebtedness or ownership, including certificates of
16 participation or beneficial interest, asset backed certificates, or
17 lease-purchase or installment purchase agreements, whether
18 taxable or excludable from gross income for state and federal
19 income taxation purposes.~~

20 (f) ~~“Commission” means the Public Utilities Commission.~~

21 (g) ~~“Cost,” as applied to a program, project or portion thereof
22 financed under this division, means all or any part of the cost of
23 construction, renovation, and acquisition of all lands, structures,
24 real or personal property, rights, rights-of-way, franchises,
25 licenses, easements, and interests acquired or used for a project;
26 the cost of demolishing or removing any buildings or structures on
27 land so acquired, including the cost of acquiring any lands to which
28 the buildings or structures may be moved; the cost of all
29 machinery, equipment, and financing charges; interest prior to,
30 during, and for a period after, completion of construction,
31 renovation, or acquisition, as determined by the authority;
32 provisions for working capital; reserves for principal and interest
33 and for extension, enlargements, additions, replacements,
34 renovations, and improvements; and the cost of architectural,
35 engineering, financial and legal services, plans, specifications,
36 estimates, administrative expenses, and other expenses necessary
37 or incidental to determining the feasibility of any project or
38 incidental to the construction, acquisition, or financing of any
39 project.~~



1 ~~(h) “Electrical corporation” has the same meaning as that term~~
2 ~~is defined in Section 218.~~

3 ~~(i) “Energy Commission” means the State Energy Resources~~
4 ~~Conservation and Development Commission.~~

5 ~~(j) “Financial assistance” in connection with a project,~~
6 ~~includes, but is not limited to, any combination of grants, loans, the~~
7 ~~proceeds of bonds issued by the authority or a special purpose~~
8 ~~trust, insurance, guarantees or other credit enhancements or~~
9 ~~liquidity facilities, and contributions of money, property, labor, or~~
10 ~~other things of value, as may be approved by resolution of the~~
11 ~~board or the participating party, or both; the purchase or retention~~
12 ~~of authority bonds, the bonds of a participating party for their~~
13 ~~retention or for sale by the authority, or the issuance of authority~~
14 ~~bonds or the bonds of a special purpose trust used to fund the cost~~
15 ~~of a project for which a participating party is directly or indirectly~~
16 ~~liable, including, but not limited to, bonds, the security for which~~
17 ~~is provided in whole or in part pursuant to the powers granted by~~
18 ~~this division; bonds for which the authority has provided a~~
19 ~~guarantee or enhancement, including, but not limited to, the~~
20 ~~purchase of the subordinated bonds of the participating party, the~~
21 ~~subordinated bonds of a special purpose trust, or the retention of~~
22 ~~the subordinated bonds of the authority pursuant to this division;~~
23 ~~or any other type of assistance deemed appropriate by the authority~~
24 ~~or the participating party.~~

25 ~~(k) “Fund” means the California Transmission Authority~~
26 ~~Fund established in the State Treasury under Section 3470.~~

27 ~~(l) “Loan agreement” means a contractual agreement~~
28 ~~executed between the authority or a special purpose trust and a~~
29 ~~participating party that provides that the authority or special~~
30 ~~purpose trust will loan funds to the participating party and that the~~
31 ~~participating party will repay the principal and pay the interest~~
32 ~~and redemption premium, if any, on the loan.~~

33 ~~(m) “Local publicly owned electric utility” has the same~~
34 ~~meaning as that term is defined in Section 9604.~~

35 ~~(n) “Participating party” means either of the following:~~

36 ~~(1) Any person, company, corporation, partnership, firm, or~~
37 ~~other entity or group of entities, whether organized for profit or not~~
38 ~~for profit, engaged in business or operations within the state and~~
39 ~~that applies for financial assistance from the authority for the~~
40 ~~purpose of implementing a project.~~



~~(2) Any subdivision of the state or local government, including departments, agencies, commissions, cities, counties, nonprofit corporations, special districts, assessment districts, and joint powers authorities within the state or any combination of these subdivisions, that has, or proposes to acquire, an interest in a project and that makes application to the authority for financial assistance in a manner prescribed by the authority.~~

~~(o) "Project" means plants, facilities, equipment, appliances, structures, expansions, and improvements within the state that serve the purposes of this division as approved by the authority, and all activities and expenses necessary to initiate and complete those projects.~~

~~(p) "Revenues" means all receipts, purchase payments, loan repayments, lease payments, and all other income or receipts derived by the authority or a participating party from the sale, lease, or other financing arrangement undertaken by the authority, a participating party, including, but not limited to, all receipts from a bond purchase agreement, and any income or revenue derived from the investment of any money in any fund or account of the authority or a participating party.~~

~~(q) "Special purpose trust" means a trust, partnership, limited partnership, association, corporation, nonprofit corporation, or other entity authorized under the laws of the state to serve as an instrumentality of the state to accomplish public purposes and authorized by the authority to acquire, by purchase or otherwise, for retention or sale, the bonds of a participating party or of the authority made or entered into pursuant to this division and to issue special purpose trust bonds or other obligations secured by these bonds or other sources of public or private revenues.~~

~~(r) "State" means the State of California.~~

~~3404. Any action taken pursuant to this division is exempt from the Administrative Procedure Act, as defined in Section 11370 of the Government Code.~~

~~CHAPTER 2. PURPOSE OF THE CALIFORNIA TRANSMISSION AUTHORITY~~

~~3410. The authority may only exercise its powers pursuant to Article 4 (commencing with Section 3440) of Chapter 3 to do all of the following:~~

[1]



1 ~~(a) Own and operate the assets of the transmission grid. The~~
2 ~~authority shall be the successor agency to the Independent System~~
3 ~~Operator (ISO) and the Power Exchange (PX) for the purposes of~~
4 ~~this subdivision. Any reference in any provision of law to the ISO~~
5 ~~or PX, with regard to the purposes of this subdivision, means the~~
6 ~~authority.~~

7 ~~(b) Provide all of the following:~~

8 ~~(1) Security coordination.~~

9 ~~(2) Real-time grid operation.~~

10 ~~(3) Operation or facilitation of day-ahead and real-time~~
11 ~~markets for day-ahead and ancillary services.~~

12 ~~(4) Interconnection and operation of generation resources.~~

13 ~~(5) Billing and settlements for energy and ancillary service~~
14 ~~markets.~~

15 ~~(c) Undertake market monitoring to identify and mitigate~~
16 ~~market power abuse. For the purposes of this subdivision, the~~
17 ~~authority shall coordinate with the Office of the State Attorney~~
18 ~~General, the federal Securities and Exchange Commission, the~~
19 ~~federal Energy Information Administration, and the Federal~~
20 ~~Energy Regulatory Commission.~~

21 ~~(d) Undertake and execute transmission planning and grid~~
22 ~~expansion. Transmission projects that are greater than 200~~
23 ~~kilovolts and cost more than ten million dollars (\$10,000,000)~~
24 ~~shall be subject to the approval of the Energy Commission. The~~
25 ~~Energy Commission shall approve projects submitted for review~~
26 ~~under this subdivision not later than 12 months after receipt of a~~
27 ~~completed application for approval.~~

28 ~~(e) Issue revenue bonds.~~

29 ~~(f) Establish tariffs and rates for the use of the transmission~~
30 ~~system. The revenue generated from these tariffs and rates shall be~~
31 ~~deposited in the fund and may be used to finance the costs of~~
32 ~~acquisition of transmission assets and to undertake needed~~
33 ~~upgrades and improvements of the transmission system.~~

34 ~~(g) Offer to purchase the transmission assets of any~~
35 ~~investor-owned utility. Upon acquisition of those assets, the~~
36 ~~authority shall contract back with the utility for provision by the~~
37 ~~authority of operation and maintenance services.~~

38 ~~3412. In its operation of the transmission system, the~~
39 ~~authority may not take any action to discriminate against clean,~~



1 efficient distributed generation, intermittent renewable resources,
2 or demand response or energy efficiency initiatives.

3

4 ~~CHAPTER 3.—THE CALIFORNIA TRANSMISSION AUTHORITY~~

5

6 ~~Article 1.—Creation of the Authority~~

7

8 ~~3420.—(a) There is hereby created in the state government the~~
9 ~~California Transmission Authority, which shall be responsible for~~
10 ~~administering this division.~~

11 ~~(b) The authority shall be under the direction of an executive~~
12 ~~director, who shall be appointed by a majority of the members of~~
13 ~~the board, and shall serve at the direction of the board.~~

14 ~~(c) The authority shall implement the purposes of Chapter 2~~
15 ~~(commencing with Section 3410), and to that end finance projects~~
16 ~~and programs in accordance with this division, all to the mutual~~
17 ~~benefit of the people of the state and to protect their health,~~
18 ~~welfare, and safety.~~

19

20 ~~Article 2.—Board of Directors~~

21

22 ~~3425.—(a) The authority shall be governed by a five-member~~
23 ~~board of directors, who shall be appointed by the Governor,~~
24 ~~subject to confirmation by the Senate.~~

25 ~~(b) Three of the members shall constitute a quorum and the~~
26 ~~affirmative vote of three board members shall be necessary for any~~
27 ~~action to be taken by the board.~~

28 ~~(c) Except as provided in this subdivision, the members of the~~
29 ~~board shall serve without compensation, but shall be reimbursed~~
30 ~~for actual and necessary expenses incurred in the performance of~~
31 ~~their duties to the extent that reimbursement for these expenses is~~
32 ~~not otherwise provided or payable by another public agency, and~~
33 ~~shall receive one hundred dollars (\$100) for each full day of~~
34 ~~attending meetings of the authority.~~

35 ~~3426.—(a) The members of the board shall be subject to the~~
36 ~~Political Reform Act of 1974 (Title 9 (commencing with Section~~
37 ~~81000)) of the Government Code, the applicable rules and~~
38 ~~standards of the Municipal Securities Rulemaking Board, and all~~
39 ~~other applicable provisions of law.~~



1 ~~(b) The board may purchase insurance for its fiduciaries or for~~
 2 ~~itself to cover liability or losses occurring by reason of the act or~~
 3 ~~omission of a fiduciary, if the insurance permits recourse by the~~
 4 ~~insurer against the fiduciary in the case of a breach of a fiduciary~~
 5 ~~obligation by the fiduciary.~~

6 ~~3427. Meetings of the board shall be open to the public and~~
 7 ~~shall be conducted in accordance with the Bagley Keene Open~~
 8 ~~Meeting Act (Article 9 (commencing with Section 11120) of~~
 9 ~~Chapter 1 of Part 1 of Division 3 of Title 2 of the Government~~
 10 ~~Code).~~

11 ~~Article 3. Executive Director~~

12
 13
 14 ~~3430. The executive director shall manage and conduct the~~
 15 ~~business and affairs of the authority and the fund subject to the~~
 16 ~~direction of the board. Except as otherwise provided in this~~
 17 ~~section, the board may assign to the executive director, by~~
 18 ~~resolution, those duties generally necessary or convenient to carry~~
 19 ~~out its powers and purposes under this division. Any action~~
 20 ~~involving final approval of any bonds, notes, loans, or other~~
 21 ~~financial assistance shall require the approval of a majority of the~~
 22 ~~members of the board.~~

23
 24 ~~Article 4. Powers of the Authority~~

25
 26 ~~3440. The authority is authorized and empowered to do any~~
 27 ~~of the following:~~

- 28 ~~(a) Adopt an official seal.~~
- 29 ~~(b) Sue and be sued in its own name.~~
- 30 ~~(c) Adopt rules and regulations for the regulation of its affairs~~
 31 ~~and the conduct of its business.~~
- 32 ~~(d) Do all things generally necessary or convenient to carry out~~
 33 ~~its powers and the purposes under this division.~~

34 ~~3441. The board may do all of the following:~~

- 35 ~~(a) Exercise the power of eminent domain.~~
- 36 ~~(b) Issue bonds and authorize special purpose trusts to issue~~
 37 ~~bonds to pay all or part of the cost of any project, or to otherwise~~
 38 ~~carry out the purposes of this division.~~



1 ~~(c) Enter into joint powers agreements with eligible public~~
2 ~~agencies pursuant to Chapter 5 (commencing with Section 6500)~~
3 ~~of Division 7 of Title 1 of the Government Code.~~

4 ~~(d) Subject to any statutory or constitutional limitation on their~~
5 ~~use, do any of the following:~~

6 ~~(1) Engage the services of private consultants to render~~
7 ~~professional and technical assistance and advice in carrying out the~~
8 ~~purposes of this division; employ attorneys and other advisers as~~
9 ~~may, in the determination of the board, be necessary in connection~~
10 ~~with the issuance and sale, or authorization of special purpose~~
11 ~~trusts for the issuance and sale, of any bonds.~~

12 ~~(2) Contract for engineering, architectural, accounting, or~~
13 ~~other services of appropriate state agencies as may, in the~~
14 ~~determination of the board, be necessary for the successful~~
15 ~~development of a project.~~

16 ~~(3) Pay the reasonable costs of consulting engineers, architects,~~
17 ~~accountants, and construction, land use and environmental experts~~
18 ~~employed by any participating party if, in the determination of the~~
19 ~~board, those services are necessary for the successful development~~
20 ~~of a project.~~

21 ~~(e) Charge and equitably apportion among participating parties~~
22 ~~or other public or private entities the authority's administrative~~
23 ~~costs and expenses, including operating and financing related~~
24 ~~costs incurred in the exercise of the powers and duties conferred~~
25 ~~by this division.~~

26 ~~(f) Acquire, take title to, and sell by installment sale or~~
27 ~~otherwise, lands, structures, real or personal property, rights,~~
28 ~~rights of way, franchises, easements, and other interests in lands~~
29 ~~that are located within the state as the authority determines to be~~
30 ~~necessary or convenient for the financing of the project, upon~~
31 ~~terms and conditions that it considers to be reasonable.~~

32 ~~(g) Make, receive, or serve as a conduit for the making of, or~~
33 ~~otherwise provide for, grants, contributions, guarantees,~~
34 ~~insurance, credit enhancements or liquidity of facilities, or other~~
35 ~~financial enhancements to a participating party as financial~~
36 ~~assistance for a project. The sources may include bond proceeds,~~
37 ~~dedicated taxes, state appropriations, federal appropriations,~~
38 ~~federal grants and loan funds, public and private sector retirement~~
39 ~~system funds, and proceeds of loans from the Pooled Money~~



1 ~~Investment Account, or any other source of money, property,~~
2 ~~labor, or other things of value.~~

3 ~~(h) Make loans to any participating party, either directly or by~~
4 ~~making a loan to a lending institution or other financial~~
5 ~~intermediary, in connection with the financing of a project in~~
6 ~~accordance with an agreement between the authority and a~~
7 ~~participating party, either as a sole lender or in participation with~~
8 ~~other lenders.~~

9 ~~(i) Make loans to any participating party, either directly or by~~
10 ~~making a loan to a lending institution, in accordance with an~~
11 ~~agreement between the authority and the participating party to~~
12 ~~refinance indebtedness incurred by the participating party in~~
13 ~~connection with projects undertaken and completed prior to any~~
14 ~~agreement with the authority or expectation that the authority~~
15 ~~would provide financing, either as a sole lender or in participation~~
16 ~~with other lenders.~~

17 ~~(j) Mortgage all or any portion of the authority's interest in a~~
18 ~~project and the property on which any project is located, whether~~
19 ~~owned or thereafter acquired, including the granting of a security~~
20 ~~interest in any property, tangible or intangible.~~

21 ~~(k) Assign or pledge all or any portion of the authority's~~
22 ~~interests in assets, things of value, mortgages, deeds of trust,~~
23 ~~bonds, bond purchase agreements, loan agreements, indentures of~~
24 ~~mortgage or trust, or similar instruments, notes, and security~~
25 ~~interests in property, tangible or intangible and the revenues~~
26 ~~therefrom, of a participating party to which the authority has made~~
27 ~~loans, and the revenues therefrom, including payment or income~~
28 ~~from any interest owned or held by the authority, for the benefit of~~
29 ~~the holders of bonds.~~

30 ~~(l) Issue, obtain, or aid in obtaining, from any department or~~
31 ~~agency of the United States, from other agencies of the state, or~~
32 ~~from any private company, any insurance or guarantee to, or for,~~
33 ~~the payment or repayment of interest or principal, or both, or any~~
34 ~~part thereof, on any loan, lease, or obligation or any instrument~~
35 ~~evidencing or securing the same, made or entered into pursuant to~~
36 ~~this division.~~

37 ~~(m) Enter into any agreement or contract, execute any~~
38 ~~instrument, and perform any act or thing necessary or convenient~~
39 ~~to, directly or indirectly, secure the authority's bonds, the bonds~~
40 ~~issued by a special purpose trust, or a participating party's~~



1 obligations to the authority or to a special purpose trust, including,
2 but not limited to, bonds of a participating party purchased by the
3 authority or a special purpose trust for retention or sale, with funds
4 or moneys that are legally available and that are due or payable to
5 the participating party by reason of any grant, allocation,
6 apportionment or appropriation of the state or agencies thereof, to
7 the extent that the Controller shall be the custodian at any time of
8 these funds or moneys, or with funds or moneys that are or will be
9 legally available to the participating party, the authority, or the
10 state or any agencies thereof by reason of any grant, allocation,
11 apportionment, or appropriation of the federal government or
12 agencies thereof; and in the event of written notice that the
13 participating party has not paid or is in default on its obligations
14 to the authority or a special purpose trust, direct the Controller to
15 withhold payment of those funds or moneys from the participating
16 party over which it is or will be custodian and to pay the same to
17 the authority or special purpose trust or their assignee, or direct the
18 state or any agencies thereof to which any grant, allocation,
19 apportionment or appropriation of the federal government or
20 agencies thereof is or will be legally available to pay the same upon
21 receipt by the authority or special purpose trust or their assignee,
22 until the default has been cured and the amounts then due and
23 unpaid have been paid to the authority or special purpose trust or
24 their assignee, or until arrangements satisfactory to the authority
25 or special purpose trust have been made to cure the default.

26 (n) ~~Purchase, with the proceeds of the authority's bonds, bonds~~
27 ~~issued by, or for the benefit of, any participating party in~~
28 ~~connection with a project, pursuant to a bond purchase agreement~~
29 ~~or otherwise. Bonds purchased pursuant to this division may be~~
30 ~~held by the authority, pledged or assigned by the authority, or sold~~
31 ~~to public or private purchasers at public or negotiated sale, in~~
32 ~~whole or in part, separately or together with other bonds issued by~~
33 ~~the authority, and notwithstanding any other provision of law, may~~
34 ~~be bought by the authority at private sale.~~

35 (o) ~~Enter into purchase and sale agreements with all entities,~~
36 ~~public and private, including state and local government pension~~
37 ~~funds, with respect to the sale or purchase of bonds.~~

38 (p) ~~Authorize a special purpose trust or trusts to purchase or~~
39 ~~retain proceeds of the bonds of a special purpose trust or bonds~~
40 ~~issued by, or for the benefit of, any participating party in~~



1 connection with a project or issued by the authority or a special
2 purpose trust, pursuant to a bond purchase agreement or otherwise.
3 Bonds purchased pursuant to this division may be held by a special
4 purpose entity, pledged or assigned by a special purpose entity, or
5 sold to public or private purchasers at public or negotiated sale, in
6 whole or in part, with or without structuring, subordination or
7 credit enhancement, separately or together with other bonds issued
8 by a special purpose trust, and notwithstanding any other provision
9 of law, may be bought by the authority or by a special purpose trust
10 at private sale.

11 3442. The fiscal powers granted to the authority by this
12 division may be exercised without regard or reference to any other
13 department, division, or agency of the state, except the Legislature
14 or as otherwise stated in this division. This division shall be
15 deemed to provide an alternative method of doing the things
16 authorized by this division, and shall be regarded as supplemental
17 and additional to powers conferred by other laws.

18 3443. No member of the board or any person executing bonds
19 of the authority or a special purpose trust pursuant to this division
20 shall be personally liable on the bonds or subject to any personal
21 liability or accountability by reason of the issuance thereof.

22 3444. All expenses incurred in carrying out this division shall
23 be payable solely from funds provided under the authority of this
24 division and no liability or obligation shall be imposed upon the
25 State of California and, none shall be incurred by the authority
26 beyond the extent to which moneys shall have been provided under
27 this division. Under no circumstances shall the authority create
28 any debt, liability, or obligation on the part of the State of
29 California payable from any source whatsoever other than the
30 moneys provided under this division.

31 3445. Bonds issued under this division shall not be deemed to
32 constitute a debt or liability of the state or of any political
33 subdivision thereof, other than the authority, or a pledge of the
34 faith and credit of the state or of any political subdivision, other
35 than the authority, but shall be payable solely from the funds herein
36 provided therefor. All bonds issued under this division shall
37 contain on the face thereof a statement to the following effect:

38 —“Neither the faith and credit nor the taxing power of the State
39 of California or any local agency is pledged to the payment of
40 the principal of or interest on this bond.”

[1]



1 ~~—The issuance of bonds under this division shall not directly or~~
 2 ~~indirectly or contingently obligate the state or any political~~
 3 ~~subdivision thereof to levy or to pledge any form of taxation~~
 4 ~~whatever therefor or to make any appropriation for their payment.~~
 5 ~~Nothing in this section shall prevent nor be construed to prevent~~
 6 ~~the authority from pledging its full faith and credit to the payment~~
 7 ~~of bonds or issue of bonds authorized pursuant to this division.~~

8

9 CHAPTER 4. ~~CALIFORNIA TRANSMISSION AUTHORITY FUND~~

10

11 3470. ~~(a) There is hereby established in the State Treasury~~
 12 ~~the California Transmission Authority Fund for expenditure by the~~
 13 ~~authority for the purpose of implementing the objectives and~~
 14 ~~provisions of this division. The authority may establish within the~~
 15 ~~fund additional accounts and subaccounts.~~

16 ~~(b) The assets of the fund shall be available for the payment of~~
 17 ~~the salaries and other expenses charged against it in accordance~~
 18 ~~with this division.~~

19 ~~(c) All moneys in the fund, upon appropriation, shall be~~
 20 ~~available for expenditure for the purposes stated in this division.~~

21 ~~(d) The fund, on behalf of the authority, may borrow or receive~~
 22 ~~moneys from the authority, or from any federal, state, or local~~
 23 ~~agency or private entity, to create reserves in the fund as provided~~
 24 ~~in this division and as authorized by the board.~~

25

26 CHAPTER 5. ~~BONDS AND NOTES~~

27

28 3480. ~~The Treasurer may incur indebtedness and issue~~
 29 ~~securities of any kind, and renew them, if all indebtedness incurred~~
 30 ~~by the Treasurer is payable solely from the revenues derived~~
 31 ~~pursuant to this division.~~

32 3481. ~~(a) At times that the authority desires to issue bonds, it~~
 33 ~~shall adopt a resolution specifying the total amount of bonds~~
 34 ~~proposed to be issued. The maximum aggregate principal amount~~
 35 ~~of bonds that may be issued under the this division is _____.~~

36 ~~(b) The proceeds of any bonds issued under this chapter may be~~
 37 ~~used for the purpose of financing projects authorized under this~~
 38 ~~division.~~



1 ~~3482.—(a) The Treasurer may, from time to time, issue~~
2 ~~negotiable bonds, notes, debentures, or other securities,~~
3 ~~collectively called “bonds,” for the purpose of this division.~~

4 ~~3483.—(a) In anticipation of the sale of the bonds as authorized~~
5 ~~by Section 3480, or as may be authorized pursuant to Section 3481,~~
6 ~~the Treasurer may issue and may renew, from time to time,~~
7 ~~negotiable bond anticipation notes or commercial paper. The bond~~
8 ~~anticipation notes and commercial paper may be paid from the~~
9 ~~proceeds of the sale of the bonds of the Treasurer in anticipation~~
10 ~~of which they were issued.~~

11 ~~(b) Notes and relating agreements and bond anticipation notes~~
12 ~~and commercial paper, collectively called “notes,” and the~~
13 ~~resolution authorizing the notes or commercial paper, may contain~~
14 ~~any provisions, conditions, or limitations that a bond, a relating~~
15 ~~agreement, and a bond resolution of the department may contain,~~
16 ~~except that the notes and commercial paper, and renewals, shall~~
17 ~~mature at a time not exceeding 20 years from the date of issue of~~
18 ~~the original notes or commercial paper.~~

19 ~~3484.—(a) Except as may be otherwise expressly provided by~~
20 ~~the Treasurer, every issue of bonds, notes, or other obligations~~
21 ~~shall be payable from the revenues derived pursuant to this~~
22 ~~division, and not otherwise pledged, subject only to any agreement~~
23 ~~with the holders of particular bonds, notes, or other obligations~~
24 ~~pledging any particular revenues or money and subject to any~~
25 ~~agreement with any participating party.~~

26 ~~(b) Notwithstanding that the bonds, notes, or other obligations~~
27 ~~may be payable from a special fund, they shall be, and be deemed~~
28 ~~to be, for all purposes negotiable instruments, subject only to the~~
29 ~~provisions of the bonds, notes, or other obligations for registration.~~

30 ~~3485.—(a) The bonds may be issued as serial bonds or as term~~
31 ~~bonds, or the Treasurer, in his or her discretion, may issue bonds~~
32 ~~of both types.~~

33 ~~(b) The bonds shall be authorized by the Treasurer and shall~~
34 ~~bear the date or dates, mature at the time or times, not exceeding~~
35 ~~20 years from their respective dates, bear interest at the rate or~~
36 ~~rates, be payable at the time or times, be in the denominations, be~~
37 ~~in the form, either coupon or registered, carry the registration~~
38 ~~privileges, be executed in the manner, be payable in lawful money~~
39 ~~of the United States of America at the place or places, and be~~



1 subject to the terms of redemption, as the resolution or resolutions
2 may provide.

3 ~~(c) The bonds or notes shall be sold by the Treasurer within 60~~
4 ~~days of receipt of a certified copy of the department's resolution~~
5 ~~authorizing the sale of the bonds, except that the department, at its~~
6 ~~discretion, may adopt a resolution extending the 60-day period.~~
7 ~~The sales may be at public or private sale, and for the price or prices~~
8 ~~and on the terms and conditions, as the Treasurer shall determine.~~

9 ~~(d) Pending preparation of the definitive bonds, the Treasurer~~
10 ~~may issue interim receipts, certificates, or temporary bonds that~~
11 ~~shall be exchanged for the definitive bonds. The Treasurer may sell~~
12 ~~any bonds, notes, or other evidence of indebtedness at a price or~~
13 ~~prices below par value without any limitation on price or prices.~~

14 ~~3486. All expenses incurred in carrying out this chapter shall~~
15 ~~be payable solely from funds provided under the authority of this~~
16 ~~division and no liability or obligation shall be imposed upon the~~
17 ~~State of California and, except as provided in Section 3499, none~~
18 ~~shall be incurred by the state beyond the extent to which moneys~~
19 ~~shall have been provided under this division. Under no~~
20 ~~circumstances may the Treasurer create any debt, liability, or~~
21 ~~obligation on the part of the State of California payable from any~~
22 ~~source whatsoever other than the moneys provided under this~~
23 ~~division.~~

24 ~~3487. Any resolution or resolutions authorizing any bonds, or~~
25 ~~any issue of bonds, may contain provisions that shall be a part of~~
26 ~~the contract with the holders of the bonds to be authorized, as to~~
27 ~~the following:~~

28 ~~(a) Pledging all or any part of the revenues of any asset or any~~
29 ~~revenue-producing contract or contracts made by the authority~~
30 ~~with any individual, partnership, authority, or association or other~~
31 ~~body, public or private, to secure the payment of the bonds or of~~
32 ~~any particular issue of bonds, subject to any agreement with~~
33 ~~bondholders that may then exist.~~

34 ~~(b) The rentals, fees, purchase payments, and other charges to~~
35 ~~be charged, and the amounts to be raised in each year thereby, and~~
36 ~~the use and disposition of the revenues.~~

37 ~~(c) The setting aside of reserves or sinking funds, and the~~
38 ~~regulation and disposition thereof.~~



1 ~~(d) Limitations on the issuance of additional bonds, the terms~~
2 ~~upon which additional bonds may be issued and secured and the~~
3 ~~refunding of outstanding bonds.~~

4 ~~(e) The procedure, if any, by which the terms of any contract~~
5 ~~with bondholders may be amended or abrogated, the amount of~~
6 ~~bonds that the holders who are required to consent thereto, and the~~
7 ~~manner in which the consent may be given.~~

8 ~~(f) Limitations on administrative or other expenses of the~~
9 ~~Treasurer.~~

10 ~~(g) Defining the acts or omissions to act which constitute a~~
11 ~~default in the duties of the department to holders of obligations;~~
12 ~~and providing the rights and remedies of the holders in the event~~
13 ~~of a default.~~

14 ~~(h) The mortgaging of any asset, or any portion of an asset, for~~
15 ~~the purpose of securing the bondholders.~~

16 ~~(i) Terms and conditions under which a buyer of all or a portion~~
17 ~~of an asset may assume the responsibilities for repayment of the~~
18 ~~remaining balance of the bonds issued by the Treasurer.~~

19 ~~(j) Prior to issuance of the bonds, ratepayer liability for~~
20 ~~repayment of the bonds shall be determined in a process~~
21 ~~established by the Treasurer.~~

22 3488. ~~The Treasurer may, from any available funds, purchase~~
23 ~~the bonds or notes. The Treasurer may hold, pledge, cancel, or~~
24 ~~resell the bonds, subject to and in accordance with agreements with~~
25 ~~the bondholders.~~

26 3489. ~~(a) All bonds, notes, and commercial paper issued by~~
27 ~~the Treasurer under this chapter shall be issued only after a public~~
28 ~~hearing on issuance has been held at the office of the Treasurer in~~
29 ~~Sacramento, California, not less than 14 days following the date~~
30 ~~of publication of a notice of the hearing in a financial publication~~
31 ~~generally circulated throughout the state and in a newspaper of~~
32 ~~general circulation published within each county in which is~~
33 ~~located any portion of the asset to be financed with the bonds;~~
34 ~~notes, or commercial paper.~~

35 ~~(b) The notice shall include the date, time and place of the~~
36 ~~hearing, the principal amount of bonds, notes, or commercial~~
37 ~~paper that may be issued.~~

38 ~~(c) Any or all of the requirements of this section may be waived~~
39 ~~by the Treasurer if the requirement to be waived is not necessary~~



1 to qualify interest on the bonds, notes, or commercial paper for
2 exemption from federal income taxes.

3 3490. — At the discretion of the Treasurer, any bonds issued
4 under this chapter may be secured by a trust agreement by and
5 between the Treasurer and a trustee or trustees, which may be any
6 trust company or bank having the powers of a trust company
7 within or without the state.

8 3491. — (a) The trust agreement or the resolution providing for
9 the issuance of the bonds may pledge or assign the revenues to be
10 received or proceeds of any contract or contracts pledged and may
11 convey or mortgage the asset or assets, or any portion thereof, to
12 be financed out of the proceeds of the bonds. The trust agreement
13 or resolution providing for the issuance of the bonds may contain
14 provisions for protecting and enforcing the rights and remedies of
15 the bondholders as may be reasonable and proper and not in
16 violation of law, including particularly provisions specifically
17 authorized to be included in any resolution of the department
18 authorizing bonds.

19 (b) Any bank or trust company doing business under the laws
20 of this state that may act as depository of the proceeds of bonds or
21 of revenues or other moneys may furnish indemnifying bonds or
22 pledge securities as may be required by the Treasurer.

23 (c) Any trust agreement may set forth the rights and remedies
24 of the bondholders and of the trustee or trustees, and may restrict
25 the individual right of action by bondholders. In addition, any trust
26 agreement or resolution may contain other provisions that the
27 Treasurer may deem reasonable and proper for the security of the
28 bondholders.

29 3492. — Notwithstanding any other provision of law, the
30 Treasurer may not be deemed to have a conflict of interest by
31 reason of acting as trustee pursuant to this chapter.

32 3493. — (a) Bonds issued under this chapter may not be deemed
33 to constitute a debt or liability of the state or of any political
34 subdivision of the state, or a pledge of the faith and credit of the
35 state or of any political subdivision, but shall be payable solely
36 from the funds provided by this chapter.

37 (b) All the bonds shall contain on the face a statement to the
38 following effect: “Neither the faith and credit nor the taxing power
39 of the State of California or of any local agency is pledged to the
40 payment of the principal of or interest on this bond.”



1 ~~(c) The issuance of bonds under this chapter may not directly~~
2 ~~or indirectly or contingently obligate the state or any political~~
3 ~~subdivision to levy, or to pledge any form of, taxation or to make~~
4 ~~any appropriation for their payment.~~

5 ~~3495. The Treasurer may provide for the issuance of bonds for~~
6 ~~the purpose of refunding any bonds, notes, or other securities then~~
7 ~~outstanding pursuant to this chapter, including the payment of any~~
8 ~~redemption premium and any interest accrued or to accrue to the~~
9 ~~earliest or subsequent date of redemption, purchase, or maturity of~~
10 ~~the bonds and, if deemed advisable by the Treasurer, for the~~
11 ~~additional purpose of paying all or any part of the cost of~~
12 ~~constructing and acquiring additions, improvements, extensions,~~
13 ~~or enlargements of an asset.~~

14 ~~3496. (a) The proceeds of any bonds issued for the purpose~~
15 ~~of refunding outstanding bonds, notes, or other securities may, in~~
16 ~~the discretion of the Treasurer, be applied to the purchase or~~
17 ~~retirement at maturity or redemption of outstanding bonds either~~
18 ~~on their earliest or any subsequent redemption date or upon the~~
19 ~~purchase or retirement at the maturity thereof and may, pending~~
20 ~~that application, be placed in escrow to be applied to the purchase~~
21 ~~or retirement at maturity or redemption on the date as may be~~
22 ~~determined by the Treasurer.~~

23 ~~(b) Pending that use, the escrowed proceeds may be invested~~
24 ~~and reinvested by the Treasurer in obligations of, or guaranteed by,~~
25 ~~the United States of America, or in certificates of deposit or time~~
26 ~~deposits secured by obligations of, or guaranteed by, the United~~
27 ~~States of America, maturing at time or times appropriate to assure~~
28 ~~the prompt payment, as to principal, interest, and redemption~~
29 ~~premium, if any, of the outstanding bonds to be refunded. The~~
30 ~~interest, income, and profits, if any, earned or realized on the~~
31 ~~investment may also be applied to the payment of the outstanding~~
32 ~~bonds to be so refunded.~~

33 ~~After the terms of the escrow have been fully satisfied and~~
34 ~~carried out, any balance of the proceeds and interest, income, and~~
35 ~~profits, if any, earned or realized on the investments may be~~
36 ~~returned to the authority for use by it in any lawful manner.~~

37 ~~3497. The proceeds of any bonds issued for the additional~~
38 ~~purpose of paying all or any part of the cost of constructing and~~
39 ~~acquiring additions, improvements, extensions, or enlargements~~
40 ~~of an asset may be invested and reinvested by the Treasurer in~~



1 obligations of, or guaranteed by, the United States of America, or
2 in certificates of deposit or time deposits secured by obligations of,
3 or guaranteed by, the United States of America, maturing not later
4 than the time or times when the proceeds will be needed for the
5 purpose of paying all or any part of the cost. The interest, income,
6 and profits, if any, earned or realized on the investment may be
7 applied to the payment of all or any part of the cost or may be used
8 by the authority in any lawful manner.

9 3498.— Bonds issued pursuant to Section 3495 are subject to
10 this chapter in the same manner and to the same extent as other
11 bonds issued pursuant to this chapter.

12 3499.— No liability may be incurred by the Treasurer in excess
13 of the amount of money which has been provided under this
14 division, except that, for the purposes of meeting the necessary
15 expenses of initial organization and operation until such date that
16 the authority derives revenues or proceeds from bonds or notes as
17 provided under this division, the authority may borrow money as
18 needed for those expenses from private sources. The borrowed
19 money shall be repaid with interest within a reasonable time after
20 the authority receives revenues or proceeds from bonds or notes as
21 provided under this division.

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