

**SENATE BILL**

**No. 43**

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**Introduced by Senators Alpert, Battin, Morrow, and Peace**  
(Coauthors: Assembly Members Bates, La Suer, Vargas, Wayne,  
Wyland, and Zettel)

February 9, 2001

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An act to amend Section 332.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 43, as introduced, Alpert. San Diego Gas and Electric Company: rates.

(1) The Public Utilities Act requires the Public Utilities Commission to establish a ceiling of \$.065 per kilowatt hour on the energy component of electric bills for residential, small commercial, and lighting customers of the San Diego Gas and Electric Company, through December 31, 2002, retroactive to June 1, 2000, as prescribed. The commission may extend the ceiling through December 2003, as specified. Existing law requires the commission to determine that portion of each existing electrical corporation's retail rate effective on January 5, 2001, that is equal to the difference between the generation related component of the retail rate and the sum of the costs of the utility's own generation, qualifying facility contracts, existing bilateral contracts, and ancillary services, to be known as the California Procurement Adjustment. Existing law requires the commission to further determine the amount of the California Procurement Adjustment that is allocable to the power sold by the Department of Water Resources, which is payable by each electrical corporation to the department for deposit in the Department of Water Resources Electric

[1] Corrected 2-16-01—See last page.

Power Fund, and known as the Fixed Department of Water Resources Set-Aside.

This bill would require the commission to also establish a frozen rate of \$.065 per kilowatt hour on the energy component of electric bills for all customers of the San Diego Gas and Electric Company not subject to the ceiling imposed by existing law, through December 31, 2002, retroactive to February 7, 2001. The bill would require the commission to adjust the California Procurement Adjustment and the Fixed Department of Water Resources Set-Aside for those customers, as prescribed. The bill would make a related statement about the construction of the bill. Since a violation of a rule or order of the commission is a crime, this bill would impose a state-mandated local program by creating a new crime.

(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.

Vote: majority. 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 1 (revised) on the commission’s August 21, 2000 agenda, entitled  
5 “Opinion Modifying Decision (D.) D.00-06-034 and  
6 D.00-08-021 to Regarding Interim Rate Caps for San Diego Gas  
7 and Electric Company,” as modified below.

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

12 (b) The commission shall establish a ceiling of six and  
13 five-tenth cents (\$.065) per kilowatt hour on the energy  
14 component of electric bills for residential, small commercial, and  
15 street lighting customers of the San Diego Gas and Electric  
16 Company, through December 31, 2002, retroactive to June 1,

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1 2000. If the commission finds it in the public interest, this ceiling  
2 may be extended through December 2003 and may be adjusted as  
3 provided in subdivision (d).

4 (c) The commission shall establish an accounting procedure to  
5 track and recover reasonable and prudent costs of providing  
6 electric energy to retail customers unrecovered through retail bills  
7 due to the application of the ceiling provided for in subdivision (b).  
8 The accounting procedure shall utilize revenues associated with  
9 sales of energy from utility-owned or managed generation assets  
10 to offset an undercollection, if undercollection occurs. The  
11 accounting procedure shall be reviewed periodically by the  
12 commission, but not less frequently than semiannually. The  
13 commission may utilize an existing proceeding to perform the  
14 review. The accounting procedure and review shall provide a  
15 reasonable opportunity for San Diego Gas and Electric Company  
16 to recover its reasonable and prudent costs of service over a  
17 reasonable period of time.

18 (d) If the commission determines that it is in the public interest  
19 to do so, the commission, after the date of the completion of the  
20 proceeding described in subdivision (g), may adjust the ceiling  
21 from the level specified in subdivision (b), *and may adjust the*  
22 *frozen rate from the level specified in subdivision (e)*, consistent  
23 with the Legislature’s intent to provide substantial protections for  
24 customers of the San Diego Gas and Electric Company and their  
25 interest in just and reasonable rates and adequate service.

26 ~~(e) For purposes of this section, “small commercial customer”~~  
27 ~~includes, but is not limited to, all San Diego Gas and Electric~~  
28 ~~Company accounts on Rate Schedule A of the San Diego Gas and~~  
29 ~~Electric Company, all accounts of customers who are “general~~  
30 ~~acute care hospitals,” as defined in Section 1250 of the Health and~~  
31 ~~Safety Code, all San Diego Gas and Electric Company accounts~~  
32 ~~of customers who are public or private schools for pupils in~~  
33 ~~kindergarten or any of grades 1 to 12, inclusive, restaurants,~~  
34 ~~shopping centers, and all accounts on Rate Schedule AL-TOU~~  
35 ~~under 100 kilowatts.~~

36 ~~(f) The commission shall establish a program for large~~  
37 ~~commercial, agricultural, and industrial customers who buy~~  
38 ~~energy from the San Diego Gas and Electric Company, on a~~  
39 ~~voluntary basis all accounts on Rate Schedule AL-TOU 500~~  
40 ~~kilowatts and above, at the election of the customer, to set the~~



1 ~~energy component of their bills at six and five-tenths cents (\$.065)~~  
2 ~~per kilowatt hour with a true-up after a year.~~

3 (e) *The commission shall establish a frozen rate of six and*  
4 *five-tenth cents (\$.065) per kilowatt hour on the energy component*  
5 *of electric bills for all customers of the San Diego Gas and Electric*  
6 *Company not subject to subdivision (b), through December 31,*  
7 *2002, retroactive to February 7, 2001. If the commission finds it*  
8 *in the public interest, this rate may be extended through December*  
9 *2003 and may be adjusted as provided in subdivision (d). The*  
10 *commission shall adjust the California Procurement Adjustment*  
11 *and the Fixed Department of Water Resources Set-Aside*  
12 *determined pursuant to Section 360.5 for customers subject to this*  
13 *subdivision to reflect a retail rate consistent with the rate of six and*  
14 *five tenths cents (\$.065) per kilowatt hour, in place of the retail rate*  
15 *in effect on January 5, 2001. This section shall be construed to*  
16 *modify the payment provisions, but may not be construed to modify*  
17 *the electric procurement obligations of the Department of Water*  
18 *Resources, pursuant to any contract or agreement in accordance*  
19 *with Division 27 (commencing with Section 80000) of the Water*  
20 *Code, and in effect as of February 7, 2001, between the*  
21 *Department of Water Resources and San Diego Gas and Electric*  
22 *Company.*

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

33 SEC. 2. *No reimbursement is required by this act pursuant to*  
34 *Section 6 of Article XIII B of the California Constitution because*  
35 *the only costs that may be incurred by a local agency or school*  
36 *district will be incurred because this act creates a new crime or*  
37 *infraction, eliminates a crime or infraction, or changes the penalty*  
38 *for a crime or infraction, within the meaning of Section 17556 of*  
39 *the Government Code, or changes the definition of a crime within*



1 the meaning of Section 6 of Article XIII B of the California  
2 Constitution.

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4 CORRECTIONS

5 **Heading — Line 2.**

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