

**SENATE BILL**

**No. 7**

**Introduced by Senator Burton**

January 18, 2001

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An act to add and repeal Section 200 of the Water Code, relating to public utilities, making an appropriation therefor, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

SB 7, as introduced, Burton. Public utilities.

Existing law imposes various duties and responsibilities on the Department of Water Resources with respect to the purchase of water and electricity.

This bill would authorize, for a period not to exceed 15 days from the effective date of the act, the Department of Water Resources to purchase electric power from any party and make that electric power available at the cost of its purchase, plus any administrative costs, transmission and scheduling costs, and other related costs, incurred by the department, to the Independent System Operator, public utility electrical corporations, or retail end-use customers.

The bill would require that the obligations incurred and funding of the contract and arrangements for the purchase of electric power are to be maintained by the Department of Water Resources, separate and distinct from the funds, moneys and obligations of the State Water Resources Development System. The bill would prohibit the full faith and credit and the taxing power of the state to be pledged for payment of these obligations.

The bill would establish in the State Treasury the Department of Water Resources Electric Power Fund as a continuously appropriated

fund and would require all revenues payable to the department under the act to be deposited in the fund. The bill would require payments from the fund to be made only for specified purposes and would require all authorized contracts to be payable solely from the fund.

The bill would require the Public Utilities Commission to adopt and implement emergency regulations to effectuate delivery and payment mechanisms relating to the sale of electric power purchased by the Department of Water Resources directly or indirectly to the Independent System Operator, public utilities, or retail end-use customers.

This bill would make these provisions inoperative on February 2, 2001, and would repeal them as of January 1, 2002.

The bill would transfer \$400,000,000 from the General Fund to the Department of Water Resources to purchase electric power, as specified.

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

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

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

1 SECTION 1. Section 200 is added to the Water Code, to read:

2 200. (a) The Legislature finds and declares that there is an  
3 urgent short-term need for the State of California, through the  
4 department, to assist in meeting the public's electricity needs  
5 through the emergency purchase of electricity. It is the intent of the  
6 Legislature that this section clarify on a temporary basis the  
7 department's authority to purchase electricity and make it  
8 available to assist in meeting California's energy needs.

9 (b) For a period not to exceed 12 days from the effective date  
10 of this section, the department may purchase electric power from  
11 any party and make that electric power available at the cost of its  
12 purchase, plus any administrative costs, transmission and  
13 scheduling costs, and other related costs, incurred by the  
14 department, to the Independent System Operator, public utility  
15 electrical corporations, or retail end-use customers.

16 (c) The purchases made pursuant to this section are separate  
17 and apart from the State Water Resources Development System,  
18 and the obligations incurred and funding of those contracts and

1 arrangements shall be maintained by the department, separate and  
2 distinct from the funds, moneys and obligations of the State Water  
3 Resources Development System.

4 (d) Notwithstanding any other provision of law, the department  
5 shall use any and all means feasible, as determined by the  
6 department, to secure the state's interest in recovering funds  
7 expended pursuant to this section.

8 (e) There is hereby established in the State Treasury the  
9 Department of Water Resources Electric Power Fund.  
10 Notwithstanding Section 13340 of the Government Code, money  
11 in the fund is continuously appropriated without regard to fiscal  
12 year to the department for purposes of this section. All revenues  
13 payable to the department under this act shall be deposited in the  
14 fund. Notwithstanding any other provision of law, interest  
15 accruing on money in the fund shall remain in the fund and shall  
16 be used for the purposes of this act. Payments from the fund may  
17 be made only for the purposes authorized by this section.

18 (f) All contracts authorized by this act shall be payable solely  
19 from the fund established pursuant to this section.

20 (g) Neither the full faith and credit nor the taxing power of the  
21 state are or may be pledged for payment for any obligation  
22 authorized under this section.

23 (h) The Public Utilities Commission shall adopt and implement  
24 emergency regulations to effectuate delivery and payment  
25 mechanisms relating to the sale of electric power purchased by the  
26 department directly or indirectly to the Independent System  
27 Operator, public utilities, or retail end-use customers.

28 (i) No purchases of electric power shall be entered into  
29 pursuant to this section after February 1, 2001. No purchases of  
30 electric power entered into pursuant to this section may extend in  
31 duration past February 1, 2001.

32 (j) This section shall become inoperative on February 2, 2001,  
33 and, as of January 1, 2002, is repealed, unless a later enacted statute  
34 that is enacted before January 1, 2002, deletes or extends the dates  
35 on which it becomes inoperative and is repealed.

36 SEC. 2. The sum of four hundred million dollars  
37 (\$400,000,000) is hereby transferred from the General Fund to the  
38 Department of Water Resources Electric Power Fund, established  
39 by Section 200 of the Water Code, for the purposes of  
40 implementing Section 1 of this act.

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

5 In order to ensure that the State of California and its citizens  
6 have an adequate supply of electricity, thereby preserving the  
7 public health, safety, and welfare, it is necessary that this act take  
8 effect immediately.

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