

AMENDED IN ASSEMBLY APRIL 22, 2003
AMENDED IN ASSEMBLY MARCH 18, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 84

Introduced by Assembly Member Cogdill

January 6, 2003

An act to amend Section 421 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 84, as amended, Cogdill. Public utilities: common carrier fees: annual audit.

Under existing law, the Public Utilities Commission is required to establish fees to be paid by every common carrier and related business, equaling the amount of the commission's annual budget prorated to the extent of the commission's regulatory duties with respect to each class of carrier or related business for which each particular fee is established. Existing law requires the commission, commencing with the 1993–94 fiscal year, until the 1999–2000 fiscal year, to conduct an audit of the expenditure of the funds received pursuant to these provisions, except that beginning with the 1996–97 fiscal year and until the 1999–2000 fiscal year, the audit was required to be conducted by the Bureau of State Audits, with the commission reimbursing the bureau for the costs of the audits.

This bill would require the bureau to *contract with an outside independent auditor* to conduct the annual audit for each fiscal year, indefinitely. The bill would require the commission to reimburse the

bureau for those annual audits, at a cost not to exceed \$75,000, adjusted for inflation.

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. Section 421 of the Public Utilities Code is
2 amended to read:

3 421. (a) The commission shall annually determine a fee to be
4 paid by every passenger stage corporation, charter-party carrier of
5 passengers, pipeline corporation, for-hire vessel operator,
6 common carrier vessel operator, railroad corporation, and
7 commercial air operator and every other common carrier and
8 related business subject to the jurisdiction of the commission,
9 except as otherwise provided in Article 3 (commencing with
10 Section 431) of this chapter and Chapter 6 (commencing with
11 Section 5001) of Division 2.

12 (b) The annual fee shall be established to produce a total
13 amount equal to the amount established in the authorized
14 commission budget for the same year, including adjustments
15 appropriated by the Legislature and an appropriate reserve, to
16 regulate common carriers and related businesses, less the amount
17 to be paid from special accounts or funds pursuant to Section 403,
18 reimbursements, federal funds, other revenues, and
19 unencumbered funds from the preceding year.

20 (c) Notwithstanding any other provision of law, the fees paid
21 by railroad corporations shall be used for state-funded railroad
22 investigation and enforcement activities of the commission, other
23 than the rail safety activities funded by the Transportation
24 Planning and Development Account pursuant to Section 99315.5.
25 The railroad fees shall be set annually at a level which generates
26 not less than the amount sufficient to fund activities pursuant to
27 Sections 765.5, 7711, and 7712.

28 (d) On January 1, 1992, the commission shall submit to the
29 Legislature a detailed budget implementing this section for the
30 1992–93 fiscal year. The commission shall also submit to the
31 Legislature by January 1, 1993, and on each January 1 thereafter,
32 a detailed budget for expenditure of railroad corporation fees for
33 the ensuing budget year. The budget for expenditure of railroad

1 corporation fees, for each of the 1996–97 and 1997–98 fiscal
2 years, shall not exceed the amount of three million dollars
3 (\$3,000,000). Expenditures of this budget shall be limited to the
4 following items:

5 (1) Expenditures for employees occupying, and actually
6 performing service in, railroad-safety personnel positions that are
7 directly involved in inspecting railroads and enforcing rail safety
8 regulations. The commission shall expend the funds budgeted
9 pursuant to this subdivision for the salaries, per diem, and travel
10 expenses of employees specified in this paragraph, unless by
11 statute, the commission is specifically prohibited from expending
12 all or part of those funds.

13 (2) Expenditures for employees occupying, and actually
14 performing service in, clerical and support staff positions that are
15 directly associated with railroad-safety inspections.

16 (3) Expenditures for legal personnel who actually pursue
17 violations of rail safety regulations beyond the informal complaint
18 level.

19 (4) Expenditures for an audit by the Bureau of State Audits
20 pursuant to subdivision (f), not to exceed seventy-five thousand
21 dollars (\$75,000).

22 (5) Expenditures for the pro rata share of the commission's
23 overhead costs while state personnel are actually occupying the
24 positions, and are performing the duties specified in paragraphs (1)
25 to (4), inclusive.

26 (e) The Department of Finance shall notify the Joint
27 Legislative Budget Committee, pursuant to Section 28.00 of the
28 annual Budget Act, prior to authorizing any change in the Budget
29 Act appropriation for railroad corporation fees that is larger than
30 one hundred thousand dollars (\$100,000), or 10 percent of the
31 amount budgeted, whichever is less.

32 (f) The Bureau of State Audits shall, *pursuant to Section 8546*
33 *of the Government Code, contract with an outside independent*
34 *auditor to conduct an annual audit of the expenditure of the funds*
35 *received pursuant to this section for each fiscal year. The Bureau*
36 *of State Audits shall report the results of this audit in writing, on*
37 *or before January 15 of each year, with respect to the audit for the*
38 *fiscal year ending on the previous June 30, to the appropriate*
39 *policy and budget committees of the respective houses of the*
40 *Legislature. The commission shall reimburse the Bureau of State*

1 Audits for the costs of the audits. *The outside independent auditor*
2 *shall be hired pursuant to public bid in accordance with rules and*
3 *procedures established by the Bureau of State Audits. The cost of*
4 *the outside audit for each fiscal year shall not exceed seventy-five*
5 *thousand dollars (\$75,000), adjusted annually for inflation.*

6 (g) On or before January 1, 1994, the commission shall hire a
7 minimum of four additional operating practices inspectors,
8 exclusive of supervisory personnel, who are, or shall become, by
9 July 1, 1994, federally certified, for the purpose of enforcing
10 compliance by railroads operating in this state with state and
11 federal safety regulations.

12 (h) The commission, in performing its duties, shall limit the
13 expenditure of funds for rail safety division purposes to those
14 railroad corporation fees collected pursuant to subdivision (d). In
15 no event, shall the commission fund railroad safety activities
16 utilizing funds from other commission accounts unrelated to
17 railroad safety.

