

AMENDED IN SENATE JUNE 16, 2004

AMENDED IN ASSEMBLY APRIL 12, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 1908

Introduced by Assembly Member Canciamilla

February 9, 2004

~~An act to amend Sections 31053 and 31054 of the Water Code, relating to water. An act to add Section 2715 to the Public Utilities Code, relating to water corporations.~~

LEGISLATIVE COUNSEL'S DIGEST

AB 1908, as amended, Canciamilla. ~~Recycled water~~ Water corporations.

Existing law authorizes the Public Utilities Commission to regulate public utilities, including water corporations.

This bill would require all regulatory functions that are performed by the commission with respect to water corporations to be transferred to the Department of Water Resources on or before January 1, 2006. The bill would require the commission and the department to work collaboratively to carry out the transfer.

~~Existing law, except as specified, prohibits a publicly owned utility from commencing to provide any service for, on, or to any land within a county water district (1) that is subject to the lien of a general obligation bonded indebtedness or that was the subject of a lease-purchase, revenue, or other type of debt incurred for capital improvements by or on behalf of the district incurred by the district for the purpose of providing a service similar to that which the utility~~

~~proposes to provide, or (2) that is subject to a lien of an indebtedness arising under any contract between the district and the United States of America incurred or contracted by the district for the purpose of providing similar water service, if $\frac{2}{3}$ of the voters voting at an election within the district have approved the incurrence of the indebtedness and if that district has water available and is ready, able, and willing to serve that land.~~

~~Under this bill, for those described purposes, the service of recycled water, as defined, for any nonpotable use would not be a “service similar to” the service of potable, raw, or untreated water or a “similar water service” to the service of potable, raw, or untreated water.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~—yes. State-mandated local program: no.

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

1 SECTION 1. The Legislature finds and declares all of the
 2 following:
 3 ~~(a) California is experiencing a substantial statewide water~~
 4 *(a) The Public Utilities Commission (commission) regulates*
 5 *144 private, investor-owned public utilities that serve water (water*
 6 *utilities) to approximately 20 percent of the state’s population, or*
 7 *approximately six million people.*
 8 *(b) Many of these water utilities serve water to impoverished*
 9 *communities with ratepayers who can ill afford to underwrite the*
 10 *accelerating costs of water treatment facilities and utility security*
 11 *measures.*
 12 *(c) The commission has failed to conduct its rate cases with*
 13 *respect to water utilities in a timely manner, and has failed to act*
 14 *in accordance with the statutes and policy of the State of California*
 15 *in conducting its rate cases.*
 16 *(d) This failure has caused water utilities to be unable to make*
 17 *needed upgrades to their infrastructure to ensure that their*
 18 *ratepayers receive water that meets water quality and water use*
 19 *efficiency standards, while covering their capital costs and making*
 20 *a reasonable return on their investment.*
 21 *(e) The inability to cover capital costs and make a reasonable*
 22 *return on investment has caused water utilities to have their bond*
 23 *ratings downgraded, raising the cost to the water utilities of*
 24 *obtaining capital.*

1 (f) *In the spring of 2004, the commission issued an order that*
2 *was determined to be unlawful and that jeopardized the water*
3 *supply of the City of Folsom and caused a disruption in the city's*
4 *efforts to obtain needed financing, all without prior notice from the*
5 *commission to the City of Folsom.*

6 (g) *The Legislature finds and declares that the commission is*
7 *apparently incapable or unwilling to regulate water utilities in a*
8 *timely manner, in accordance with state law and policy regarding*
9 *the provision of water to the public.*

10 (h) *It is the intent of the Legislature to remove the commission's*
11 *authority over water utilities and transfer that authority to the*
12 *Department of Water Resources.*

13 SEC. 2. *Section 2715 is added to the Water Code, to read:*

14 2715. (a) *Notwithstanding any other provision of law, all*
15 *regulatory functions that are performed by the commission with*
16 *respect to water corporations shall be transferred to the*
17 *Department of Water Resources on or before January 1, 2006.*

18 (b) *The commission and the Department of Water Resources*
19 *shall work collaboratively to carry out subdivision (a).*

20 ~~shortage.~~

21 ~~(b) The state's population is growing by approximately~~
22 ~~750,000 people a year, and is expected to approach 50 million by~~
23 ~~2020.~~

24 ~~(c) This boom in population will nearly double the demand for~~
25 ~~water supply in urban areas by 2020, compounding the shortage~~
26 ~~problem.~~

27 ~~(d) The state needs to take action that will help alleviate these~~
28 ~~problems by expanding options for securing water supply.~~

29 ~~(e) The state has a tremendous capacity to use reclaimed water~~
30 ~~for a range of uses.~~

31 ~~(f) The Legislature has established a goal for water recycling~~
32 ~~in the state of reclaiming and reusing one million acre-feet~~
33 ~~annually by 2010.~~

34 ~~(g) It is the intent of the Legislature to encourage the use of~~
35 ~~recycled water for nonpotable uses as a cost-effective, reliable~~
36 ~~method of helping to meet this state's water supply needs.~~

37 SEC. 2. ~~Section 31053 of the Water Code is amended to read:~~

38 31053. ~~(a) No publicly owned utility shall commence to~~
39 ~~provide any service for, on, or to any land within a county water~~
40 ~~district that is subject to the lien of a general obligation bonded~~

1 indebtedness or that was the subject of a lease-purchase, revenue,
2 or other type of debt incurred for capital improvements by or on
3 behalf of the district incurred by the district for the purpose of
4 providing a service similar to that which the utility proposes to
5 provide.

6 However, a publicly owned utility may commence to provide
7 service, otherwise prohibited, upon either of the following
8 conditions:

9 (1) If the board of directors of the county water district, by
10 resolution, permits the service.

11 (2) In any portion of such a county water district proposed to
12 be served by the publicly owned utility in which the total number
13 of registered voters residing therein exceeds 200, if at least
14 two-thirds of the voters voted at a special county water district
15 election to permit the service. The election shall be called and held
16 as an initiative measure pursuant to Section 30830.

17 (b) For purposes of this section, the service of recycled water,
18 as defined in subdivision (n) of Section 13050, for any nonpotable
19 use is not a "service similar to" the service of potable, raw, or
20 untreated water.

21 SEC. 3.—Section 31054 of the Water Code is amended to read:

22 31054. (a) No publicly owned utility shall commence to
23 provide any water service for, on, or to any land within a county
24 water district that is subject to a lien of an indebtedness arising
25 under any contract between the district and the United States of
26 America incurred or contracted by the district for the purpose of
27 providing similar water service, if two-thirds of the voters voting
28 at an election within the district have approved the incurrence of
29 the indebtedness and if the district has water available and is ready,
30 able, and willing to serve that land.

31 However, a publicly owned utility may commence to provide
32 service, otherwise prohibited, upon either of the following
33 conditions:

34 (1) If the board of directors of such a county water district shall
35 by resolution permit such service; or

36 (2) In any portion of a county water district proposed to be
37 served by the publicly owned utility in which the total number of
38 registered voters residing therein exceeds 200, and in which at
39 least a majority of the voters voting on the proposition shall have
40 voted at a special county water district election to permit that

1 ~~service within that portion of the district. The election shall be~~
2 ~~called and held within that portion of the district as an initiative~~
3 ~~measure pursuant to Section 30830.~~

4 (b) ~~For purposes of this section, the service of recycled water,~~
5 ~~as defined in subdivision (n) of Section 13050, for any nonpotable~~
6 ~~use is not a “similar water service to” the service of potable, raw,~~
7 ~~or untreated water.~~

8 SEC. 4. ~~This act does not alter any right, remedy, or obligation~~
9 ~~that exists pursuant to Chapter 8.5 (commencing with Section~~
10 ~~1501) of Part 1 of Division 1 of the Public Utilities Code or Article~~
11 ~~1.5 (commencing with Section 1210) of Chapter 1 of Part 2 of~~
12 ~~Division 2 of the Water Code.~~

