

ASSEMBLY BILL

No. 2505

Introduced by Assembly Member Maldonado

February 19, 2004

An act to amend Section 829 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2505, as introduced, Maldonado. Public utilities: stocks and security transactions.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including telephone corporations, and authorizes the commission to fix just and reasonable rates. Under that authority, the commission has adopted decisions adopting an incentive-based regulatory framework for telephone corporations, called the new regulatory framework.

The Public Utilities Act generally exempts from provisions of that act governing stocks and security transactions any person or corporation that transacts no business subject to regulation under the act, except performing services or delivering commodities for or to public utilities or municipal or other public corporations primarily for resale or use in serving the public. Notwithstanding that general exemption, those provisions of the act governing stocks and security transactions apply to any public utility if the commission finds that the application of those provisions is required by the public interest. The act authorizes the commission to exempt any public utility or class of public utility from those stock and security transaction provisions if it finds that their application is not necessary in the public interest.

This bill, except as specified, would exempt from those stock and security transaction provisions, a telephone corporation that is regulated under a new regulatory framework that utilizes a price-cap index, price adjustment formula, or substantially similar mechanism established by the commission, unless the corporation secures the financing by pledging a plant or assets. The bill would authorize the commission to reimpose the stock and security transaction provisions if the commission finds, after an evidentiary hearing, that imposition is required in the public interest.

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. It is the intent of the Legislature that the
2 amendments to Section 829 of the Public Utilities Code made by
3 the act adding this section not hinder the commission’s existing
4 authority to disallow imprudent expenses or capital expenditures
5 of the utilities under its jurisdiction, or the commission’s authority
6 to impute a capital structure or cost of capital for utilities under its
7 jurisdiction.

8 SEC. 2. Section 829 of the Public Utilities Code is amended
9 to read:

10 829. (a) This article ~~shall~~ does not apply to ~~any~~ a person or
11 corporation ~~which~~ that transacts no business subject to regulation
12 under this part, except performing services or delivering
13 commodities for or to public utilities or municipal or other public
14 corporations primarily for resale or use in serving the public or any
15 portion thereof but shall nevertheless apply to any public utility if
16 the commission finds, in a proceeding to which the public utility
17 is or may become a party, that the application of this article is
18 required by the public interest. ~~The~~

19 (b) (1) *The requirements in this article for commission approval*
20 *of utility financing do not apply to a telephone corporation that is*
21 *regulated under a new regulatory framework that utilizes a*
22 *price-cap index, price adjustment formula, or substantially*
23 *similar mechanism established by the commission, if the*
24 *corporation does not pledge a plant or assets to secure the*
25 *financing. However, this article shall continue to apply to any*
26 *telephone corporation that is also an electrical corporation or gas*



1 corporation that is a public utility, as defined in Section 216, 218,
2 or 222.

3 (2) Notwithstanding paragraph (1), a telephone corporation as
4 described in this subdivision shall remain subject to Sections 817,
5 820, 824, 826, 828, 830, and subdivision (a) of Section 827.

6 (3) The commission may reimpose any or all of the
7 requirements of this article for commission approval of utility
8 financing upon a utility exempt under paragraph (1) if the
9 commission finds, after an evidentiary hearing in a proceeding
10 considering the financial condition of the utility, that the
11 application of any or all of the requirements of this article is
12 required by the public interest.

13 (c) The commission may from time to time by order or rule, and
14 subject to ~~such~~ those terms and conditions ~~as~~ that may be
15 prescribed ~~therein~~ in the order or rule, exempt any public utility
16 or class of public utility from ~~the provisions of~~ this article, or any
17 portion of this article, if it finds that the application ~~thereof to such~~
18 of this article to the public utility or class of public utility is not
19 necessary in the public interest.

