

AMENDED IN ASSEMBLY APRIL 27, 2004

AMENDED IN ASSEMBLY APRIL 12, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2509

Introduced by Assembly Member Nakanishi

February 20, 2004

An act to add Chapter 5.5 (commencing with Section 2780) to Part 2 of Division 1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 2509, as amended, Nakanishi. Electric microuilities.

Under existing law, the Public Utilities Commission generally has regulatory authority over public utilities, including authority over ratemaking, certain financial transactions, and the disposal or encumbrance of property. ~~Existing law prohibits the commission from establishing rates or regulating the borrowing of money, the issuance of evidences of indebtedness, or the disposal or encumbrance of the property of any electrical cooperative, as defined.~~

~~This bill, except as specified, would prohibit the commission from naming an electric microuility, as defined, as a respondent in a quasi-legislative or ratesetting case in which an electrical corporation that is not an electric microuility is also a respondent, without first making certain findings of fact and conclusions of law.~~

This bill would state the intent of the Legislature that the commission recognize the legal, administrative, and operational costs that an electric microuility, as defined, faces if it is named as a respondent in a hearing generally applicable to electrical corporations. The bill

would further state the intent of the Legislature to urge the commission to consider those costs before naming an electric microutility as a respondent in a hearing generally applicable to electrical corporations.

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

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

SECTION 1. Chapter 5.5 (commencing with Section 2780) is added to Part 2 of Division 1 of the Public Utilities Code, to read:

CHAPTER 5.5. ELECTRIC MICROUTILITIES

2780. As used in this chapter, the term “electric microutility” means any private corporation organized for the purpose of providing sole-source generation, distribution, and sale of electricity exclusively to a customer base of fewer than 5,000 customers.

~~2780.1. The commission may not name an electric microutility as a respondent in a quasi-legislative or ratesetting case in which an electrical corporation that is not an electric microutility is also a respondent, without first making findings of fact and conclusions of law that the anticipated annual benefits to the ratepayers of the electric microutility to be derived from participation in the case will exceed the legal, administrative, and operational participation costs of the electric microutility.~~

~~2780.3. (a) This chapter does not limit an electric microutility from applying for a change in rates.~~

~~(b) This chapter does not limit the commission from initiating a quasi-legislative case or ratesetting case where each respondent is an electric microutility.~~

2780.1. (a) *It is the intent of the Legislature that the commission recognize the legal, administrative, and operational costs that an electric microutility faces if it is named as a respondent in a hearing generally applicable to electrical corporations. The limited resources of a microutility are disproportionately strained by the cost of response.*

(b) *Further, it is the intent of the Legislature to urge the commission to consider the costs described in subdivision (a)*

- 1 *before naming an electric microutility as a respondent in a hearing*
- 2 *generally applicable to electrical corporations.*

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