

Introduced by Senator Poochigian

May 1, 2003

Senate Concurrent Resolution No. 30—Relative to electricity cost refunds.

LEGISLATIVE COUNSEL'S DIGEST

SCR 30, as introduced, Poochigian. Electricity cost refunds.

This measure would urge that energy-related refunds ordered by the Federal Energy Regulatory Commission, or negotiated by the Attorney General, the Governor, or any other agent of the state, should be used solely to provide relief to ratepayers and that, in order to provide relief, money from energy-related refunds should be dedicated strictly to repay the energy bonds or reduce or eliminate the rate surcharges dedicated to bond repayment.

Fiscal committee: yes.

- 1 WHEREAS, In 2000–01, this state experienced skyrocketing
- 2 electricity costs and an unprecedented number of rolling
- 3 blackouts. California ratepayers will experience the hardship of
- 4 excessive electricity costs for the next 20 years; and
- 5 WHEREAS, Supply shortages, dysfunctional electricity
- 6 markets, poor regulatory oversight, and increase in demand led to
- 7 the insolvency of investor-owned utilities and the inability to
- 8 purchase electricity for customers; and
- 9 WHEREAS, Inaction and lack of leadership exacerbated the
- 10 economic impact of the energy crisis on local business, residents,
- 11 ratepayers, and taxpayers of the state; and
- 12 WHEREAS, The Department of Water Resources began to
- 13 purchase electricity for the customers of the investor-owned

1 utilities in December 2000 to avoid electricity service disruptions  
2 and to minimize the adverse effect on California's economy; and

3 WHEREAS, The Department of Water Resources spent  
4 \$11,000,000,000 from the state's General Fund on spot-market  
5 purchases, and signed \$43,000,000,000 in long-term energy  
6 contracts in 2001; and

7 WHEREAS, California issued \$12,000,000,000 in revenue  
8 bonds, the largest municipal bond sale in the history of the United  
9 States, to repay the state's General Fund; and

10 WHEREAS, Ratepayers are now forced to pay an energy  
11 surcharge for the debt service of the energy bond over 20 years,  
12 totaling \$17,400,000,000; and

13 WHEREAS, In addition to an energy surcharge, over the next  
14 20 years ratepayers will be forced to pay higher electricity rates  
15 based on California's high-priced long-term energy contracts; and

16 WHEREAS, The ratepayers of California deserve relief from  
17 exorbitant energy prices caused by California's dysfunctional  
18 electricity markets and bad policy decisions; and

19 WHEREAS, The Federal Energy Regulatory Commission is  
20 attempting to determine potential refunds due to California based  
21 upon an intensive and exhaustive investigation; and

22 WHEREAS, The Attorney General has initiated legal  
23 proceedings to recover funds from market participants, and has  
24 negotiated settlements on several energy lawsuits; now, therefore,  
25 be it

26 *Resolved by the Senate of the State of California, the Assembly*  
27 *thereof concurring*, That energy-related refunds ordered by the  
28 Federal Energy Regulatory Commission, or negotiated by the  
29 Attorney General, the Governor, or any other agent of the state,  
30 should be used solely to provide relief to ratepayers who bear the  
31 high cost of the energy bonds and the poorly negotiated contracts  
32 through rate surcharges; and be it further

33 *Resolved*, That, in order to provide relief, money from energy  
34 refunds should be dedicated strictly to repay the energy bonds or  
35 reduce or eliminate the rate surcharges dedicated to bond  
36 repayment; and be it further

37 *Resolved*, That the Secretary of the Senate transmit copies of  
38 this resolution to each member of the Federal Energy Regulatory  
39 Commission, the Governor, the Attorney General, each member



- 1 of the Public Utilities Commission, and the Director of Water
- 2 Resources.

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