

AMENDED IN SENATE JULY 16, 2003

Senate Concurrent Resolution

No. 30

Introduced by Senator Poochigian
(Coauthors: Senators Ashburn, Battin, Johnson, Margett, McClintock, McPherson, and Morrow)

May 1, 2003

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

LEGISLATIVE COUNSEL'S DIGEST

SCR 30, as amended, 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~~ *benefit ratepayers who were harmed* 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 to reduce those ratepayers' costs, to the maximum extent possible, through reduction of rates or the reduction of ratepayer debt obligations incurred as a result of the energy crisis.~~

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~~ many years; and
- 5 ~~WHEREAS, Supply shortages, dysfunctional electricity~~
- 6 ~~markets, poor regulatory oversight, and increase in demand led to~~



~~the insolvency of investor-owned utilities and the inability to purchase electricity for customers; and~~

~~WHEREAS, Inaction and lack of leadership exacerbated the economic impact of the energy crisis on local business, residents, ratepayers, and taxpayers of the state; and~~

WHEREAS, The Department of Water Resources began to purchase electricity for the customers of the investor-owned utilities in ~~December 2000~~ *January 2001* to avoid electricity service disruptions and to minimize the adverse effect on California's economy; and

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

WHEREAS, California issued *approximately* \$12,000,000,000 in revenue bonds, the largest municipal bond sale in the history of the United States, to ~~repay~~ *finance Department of Water Resources energy purchases and repay funds borrowed from* the state's General Fund; and

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

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

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

WHEREAS, The Federal Energy Regulatory Commission is ~~attempting to determine potential refunds due to California based upon an intensive and exhaustive investigation; and must determine refunds, which may be due to California for unjust and unreasonable wholesale electricity charges; and~~

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

Resolved by the Senate of the State of California, the Assembly thereof concurring, That energy-related refunds ordered by the Federal Energy Regulatory Commission, or negotiated by the

1 Attorney General, the Governor, or any other agent of the state,
2 ~~should be used solely to provide relief to ratepayers who bear the~~
3 ~~high cost of the energy bonds and the poorly negotiated contracts~~
4 ~~through rate surcharges~~ *should be used to benefit the ratepayers*
5 *who were harmed*; and be it further

6 *Resolved*, That, in order to provide relief, money from energy
7 ~~refunds should be dedicated strictly to repay the energy bonds or~~
8 ~~reduce or eliminate the rate surcharges dedicated to bond~~
9 ~~repayment~~ *refunds should be dedicated to reduce those*
10 *ratepayers' costs, to the maximum extent possible, through*
11 *reduction of rates or the reduction of ratepayer debt obligations*
12 *incurred as a result of the energy crisis*; and be it further

13 *Resolved*, That the Secretary of the Senate transmit copies of
14 this resolution to each member of the Federal Energy Regulatory
15 Commission, the Governor, the Attorney General, each member
16 of the Public Utilities Commission, and the Director of Water
17 Resources.

