

AMENDED IN SENATE APRIL 30, 2003

SENATE BILL

No. 703

Introduced by Senators Florez, Denham, and Poochigian

February 21, 2003

An act to ~~amend Section 744 of~~ *add Section 745* to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 703, as amended, Florez. ~~Electrical corporations: agricultural tariffs~~ *Electricity rates: agricultural irrigation pumps.*

*The California Constitution authorizes the Public Utilities Commission to set rates for all public utilities subject to its jurisdiction.*

*This bill would require the commission to consider the significant air quality benefits of electricity, compared to diesel, in establishing agricultural and water pumping electricity rate schedules. The bill would also require the commission to consider reducing or eliminating demand and other fixed charges, establishing competitive long-term electricity rate contracts for existing diesel users, and establishing rate schedules that are competitive with diesel rates, to prevent future conversions, in setting those rates.*

~~(1) The Public Utilities Act requires every electrical corporation furnishing electricity to an agricultural producer, in addition to its regular service, to prepare and file tariffs providing for optional alternative interruptible service and optional off-peak demand service to any agricultural producer at discounted rates.~~

~~This bill would prohibit such a tariff from including any demand charge, connected load charge, facilities related charge, or any similar fixed charge. Because a violation of the act is a crime, this bill, by~~



~~establishing a new restriction on tariffs and thereby changing the definition of a crime, would impose a state-mandated local program.~~

~~(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.~~

~~This bill would provide that no reimbursement is required by this act for a specified reason.~~

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

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

1 ~~SECTION 1. It is the intent of the Legislature to reduce~~  
2 *SECTION 1. The Legislature hereby finds and declares all the*  
3 *following:*  
4 *(a) Over the past 15 years, a significant number of agricultural*  
5 *irrigation pumps have been converted from electrical motors to*  
6 *diesel-driven engines, due to rising electricity rates, particularly*  
7 *fixed demand charges.*  
8 *(b) Diesel-driven irrigation pumps represent a source of oxides*  
9 *of nitrogen (NO<sub>x</sub>) and particulate matter that exacerbates the*  
10 *existing air quality problems facing these areas.*  
11 *(c) It should be the policy of the State of California and the*  
12 *California Public Utilities Commission to encourage the use of*  
13 *electric motors for agricultural irrigation pumps, through the*  
14 *development of long-term rate structures that are competitive with*  
15 *diesel pumping engines.*  
16 *(d) It is the intent of the Legislature, in enacting this statute, to*  
17 *establish agricultural and water pumping electricity rate*  
18 *schedules that are competitive with diesel rates to prevent*  
19 *additional conversions of agricultural irrigation pumps, and to*  
20 *provide an incentive to convert diesel-driven irrigation pumps*  
21 *back to electrical motors.*  
22 *SEC. 2. Section 745 is added to the Public Utilities Code, to*  
23 *read:*  
24 *745. (a) In establishing agricultural and water pumping*  
25 *electricity rate schedules, the commission shall consider all of the*  
26 *following:*



1 (1) *The significant air quality benefits of electricity, compared*  
2 *to diesel.*

3 (2) *Reducing or eliminating demand and other fixed charges.*

4 (3) *Establishing competitive long-term electricity rate*  
5 *contracts for existing diesel users.*

6 (4) *Establishing rate schedules that are competitive with diesel*  
7 *rates, to prevent future conversions.*

8 (b) *In setting rates pursuant to this section, the commission may*  
9 *include the costs of appropriate rate incentives, allocated*  
10 *equitably among customer classes that benefit from any resulting*  
11 *improvements in air quality.*

12 ~~agricultural dependence on stationary diesel engines by~~  
13 ~~establishing an incentive for agricultural and water pumping~~  
14 ~~customers to return to electrical service by excluding certain~~  
15 ~~charges from electrical corporation agricultural tariffs.~~

16 ~~SEC. 2. Section 744 of the Public Utilities Code is amended~~  
17 ~~to read:~~

18 ~~744. (a) As used in this section, "agricultural producer"~~  
19 ~~means any person or corporation whose principal purpose is the~~  
20 ~~agrarian production of food or fiber.~~

21 ~~(b) Every electrical corporation furnishing electricity to an~~  
22 ~~agricultural producer shall, in addition to its regular service,~~  
23 ~~prepare and file tariffs providing, where economically and~~  
24 ~~technologically feasible, for optional alternative interruptible~~  
25 ~~service to any agricultural producer upon reasonable notice to the~~  
26 ~~agricultural producer consistent with safety of operations by the~~  
27 ~~agricultural producer and providing for limits upon the frequency~~  
28 ~~and duration of interruption of service which the commission finds~~  
29 ~~are reasonable in relation to the needs of the electrical corporation~~  
30 ~~for reductions in load to meet system peak requirements and the~~  
31 ~~burdens imposed upon the agricultural producer of reducing its~~  
32 ~~operations during periods of interruption of electrical service. The~~  
33 ~~commission shall establish the rate for this service at an~~  
34 ~~appropriate discount from the system average rate, which shall be~~  
35 ~~not less than the cost of furnishing this service.~~

36 ~~(c) Every electrical corporation furnishing electricity to an~~  
37 ~~agricultural producer shall, in addition to its regular service,~~  
38 ~~prepare and file tariffs providing for an optional off-peak demand~~  
39 ~~service, including the availability of time-differentiating meters or~~  
40 ~~other measurement devices, to any agricultural producer~~



1 ~~providing for furnishing electricity to the agricultural producer~~  
2 ~~during periods of off-peak demand and which the commission~~  
3 ~~finds are reasonable in relation to the needs of the electrical~~  
4 ~~corporation for reduction in demand to meet system peak~~  
5 ~~requirements and the burdens imposed upon the agricultural~~  
6 ~~producer of scheduling its operations to coincide with the periods~~  
7 ~~of off-peak demand. The off-peak demand service tariff shall be~~  
8 ~~composed of a two-part time differentiated schedule consisting of~~  
9 ~~on- and off-peak rates. The commission shall establish the rate for~~  
10 ~~this service at an appropriate discount from the system average~~  
11 ~~rate, which shall be not less than the cost of furnishing this service.~~

12 ~~(d) A tariff filed pursuant to this section may not include any~~  
13 ~~demand charge, connected load charge, facilities related charge, or~~  
14 ~~any similar fixed charge.~~

15 ~~SEC. 3.— No reimbursement is required by this act pursuant to~~  
16 ~~Section 6 of Article XIII B of the California Constitution because~~  
17 ~~the only costs that may be incurred by a local agency or school~~  
18 ~~district will be incurred because this act creates a new crime or~~  
19 ~~infraction, eliminates a crime or infraction, or changes the penalty~~  
20 ~~for a crime or infraction, within the meaning of Section 17556 of~~  
21 ~~the Government Code, or changes the definition of a crime within~~  
22 ~~the meaning of Section 6 of Article XIII B of the California~~  
23 ~~Constitution.~~

