

**Introduced by Senator Dutton**

February 22, 2005

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An act to amend Section 743.1 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 632, as introduced, Dutton. Electrical corporations: rates.

(1) The Public Utilities Act authorizes the Public Utilities Commission to establish rates for public utilities regulated by the commission, including electrical corporations. The act authorizes the commission to approve contracts between an electrical corporation and its heavy industrial customers as determined by the electrical corporation, of not more than 10 years' duration, in which the electrical corporation buys from the heavy industrial customer the right to interrupt the customer's service on short notice, as determined by the commission, through a payment mechanism providing for a discounted rate for service. Under those provisions, the commission has adopted, by decision, electrical corporation programs for the interruption of power in exchange for reduced rates.

The act requires electrical corporations to continue the availability to qualified heavy industrial customers of optional interruptible or curtailable service, and requires the effective rate for interruptible or curtailable service to qualifying customers to reflect a pricing incentive for electing to operate under the interruptible or curtailable service option. The act further requires the commission to continue the availability of optional interruptible or curtailable service at least until March 31, 2002, and prohibits, until March 31, 2002, the alteration of the level of the pricing incentive for interruptible or curtailable service from the levels in effect on June 10, 1996.

This bill would require the commission to continue the availability of optional interruptible or curtailable service at least through December 31, 2009, and would prohibit, until after that date, the reduction of the level of the pricing incentive for interruptible or curtailable service below the levels in effect on December 31, 2004. Because a violation of an order or decision of the commission is a crime, this bill, by requiring the commission to impose new requirements on electrical corporations, would create a new crime, thereby imposing 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.

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

1 SECTION 1. Section 743.1 of the Public Utilities Code is  
2 amended to read:

3 743.1. (a) Electrical corporations shall continue the  
4 availability to qualified heavy industrial customers of optional  
5 interruptible or curtailable service. The effective rate for  
6 interruptible or curtailable service to qualifying customers shall  
7 reflect a pricing incentive for electing to operate under the  
8 interruptible or curtailable service option.

9 (b) The commission shall direct each public utility electrical  
10 corporation to continue its efforts to reduce the rates charged  
11 heavy industrial customers to a level competitive with other  
12 states, and to do so without shifting recovery of costs to other  
13 customer classes. The commission shall continue the availability  
14 of optional interruptible or curtailable service at least ~~until March~~  
15 ~~31, 2002 through December 31, 2009.~~ ~~In no event shall the~~ *The*  
16 level of the pricing incentive for interruptible or curtailable  
17 service ~~shall not be altered from~~ *reduced below* the levels in  
18 effect on ~~June 10, 1996~~ *December 31, 2004*, until ~~March 31,~~  
19 ~~2002~~ *after December 31, 2009.*

1 SEC. 2. No reimbursement is required by this act pursuant to  
2 Section 6 of Article XIII B of the California Constitution because  
3 the only costs that may be incurred by a local agency or school  
4 district will be incurred because this act creates a new crime or  
5 infraction, eliminates a crime or infraction, or changes the  
6 penalty for a crime or infraction, within the meaning of Section  
7 17556 of the Government Code, or changes the definition of a  
8 crime within the meaning of Section 6 of Article XIII B of the  
9 California Constitution.

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