

AMENDED IN ASSEMBLY APRIL 22, 2008

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 3030

Introduced by Assembly Member Brownley

February 22, 2008

An act to add Section 53756 to the Government Code, relating to local government.

LEGISLATIVE COUNSEL'S DIGEST

AB 3030, as amended, Brownley. Local publicly owned water utility: rate cases.

Articles XIII C and XIII D of the California Constitution generally require that assessments, fees, and charges be submitted to property owners for approval or rejection after the provision of written notice and the holding of a public hearing. Existing law, the Proposition 218 Omnibus Implementation Act, prescribes specific procedures and parameters for local jurisdictions to comply with Articles XIII C and XIII D of the California Constitution. Existing law provides notice, protest, and hearing procedures for the levying of new or increased fees and charges by local government agencies pursuant to Articles XIII C and XIII D of the California Constitution.

~~This bill would authorize a local publicly owned water utility, as defined, to adopt a multiyear rate schedule establishing water service charges and fees, for a period not to exceed 5 years. The bill would require that the rate schedule be adopted by the governing board of the utility in a public ratemaking case proceeding utilizing the procedures authorized by current law. The bill would require that if the rate schedule includes future cost adjustments for inflation for variable costs, that the adjustments be in lieu of scheduled increases based upon anticipated~~

~~inflation and that the adjustments be based upon a clearly identified and recognized inflation measurement formula over which the utility has no control and that notice be given pursuant to existing law of any inflation adjustment, a minimum of 30 days before the adjustment takes effect. The bill would authorize the rate schedule to include future cost adjustments that allow for the passthrough of water commodity costs, in lieu of scheduled increases for anticipated cost increases, if certain circumstances take place an agency providing water, sewer, or refuse collection service to adopt a schedule of fees or charges for a property-related service for a period not to exceed 5 years. The bill would require the schedule to be adopted pursuant to existing law providing notice, protest, and hearing procedures for the levying of new or increased fees and charges by local government agencies. The bill would authorize the schedule of fees or charges to include a schedule of adjustments, including a clearly defined formula for adjusting for inflation. With respect to an agency that purchases wholesale water from a public entity, as defined, the bill would authorize the schedule of fees or charges to provide for adjustments that pass through the adopted increases or decreases in the wholesale charges for water established by the public entity. The bill would require that not less than 30 days notice be given pursuant to existing law, before the effective date of the adjustment.~~

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

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

- 1 SECTION 1. Section 53756 is added to the Government Code,
- 2 to read:
- 3 53756. (a) An agency providing water, sewer, or refuse
- 4 collection service may adopt a schedule of fees or charges for a
- 5 property-related service for a period not to exceed five years
- 6 pursuant to Section 53755.
- 7 (b) (1) The schedule of fees or charges may include a schedule
- 8 of adjustments, including a clearly defined formula for adjusting
- 9 for inflation.
- 10 (2) The schedule of fees or charges for an agency that purchases
- 11 wholesale water from a public entity, as defined in Section 375 of
- 12 the Water Code, may provide for adjustments that pass through

1 *the adopted increases or decreases in the wholesale charges for*
2 *water established by the public entity.*

3 *(c) Notice of any adjustment pursuant to the schedule shall be*
4 *given pursuant to subdivision (a) of Section 53755, not less than*
5 *30 days before the effective date of the adjustment.*

6 SECTION 1. ~~Section 53756 is added to the Government Code,~~
7 ~~to read:~~

8 53756. ~~(a) For purposes of this section, “local publicly owned~~
9 ~~water utility” means an entity of local government that provides~~
10 ~~water to residential end-use consumers, and may include a special~~
11 ~~law water district as defined in Section 861 of, municipal~~
12 ~~corporations providing water service pursuant to Section 9 of~~
13 ~~Article XI of the California Constitution, a public utility owned~~
14 ~~and operated by a municipal corporation pursuant to Division 5~~
15 ~~(commencing with Section 10001) of, a municipal utility district~~
16 ~~that provides water service organized pursuant to Division 6~~
17 ~~(commencing with Section 11501) of, or a public utility district~~
18 ~~that provides water service organized pursuant to Division 7~~
19 ~~(commencing with Section 15501) of, the Public Utilities Code,~~
20 ~~an irrigation district organized pursuant to Division 11~~
21 ~~(commencing with Section 20500) of, a county water district~~
22 ~~organized pursuant to Division 12 (commencing with Section~~
23 ~~30000) of, a water district organized pursuant to Division 13~~
24 ~~(commencing with Section 34000) of, a county waterworks district~~
25 ~~organized pursuant to Division 16 (commencing with Section~~
26 ~~55000) of, or a municipal water district organized pursuant to~~
27 ~~Division 20 (commencing with Section 71000) of, the Water Code,~~
28 ~~a joint powers authority that includes one or more of these entities~~
29 ~~organized pursuant to Chapter 5 (commencing with Section 6500)~~
30 ~~of Division 7 of Title 1, or an entity of local government~~
31 ~~established pursuant to an uncodified water district act.~~

32 ~~(b) A local publicly owned water utility may adopt a multiyear~~
33 ~~rate schedule establishing water service charges and fees, for a~~
34 ~~period not to exceed five years.~~

35 ~~(c) The rate schedule shall be adopted by the governing board~~
36 ~~of the local publicly owned water utility in a public ratemaking~~
37 ~~case proceeding utilizing the procedures of Section 53755.~~

38 ~~(d) (1) The rate schedule may include future cost adjustments~~
39 ~~for inflation for variable costs, that are in lieu of scheduled~~
40 ~~increases based upon anticipated inflation, and are based upon a~~

1 clearly identified and recognized inflation measurement formula
2 over which the local publicly owned water utility has no control.
3 (2) Notice of any inflation adjustment made pursuant to the
4 formula shall be provided pursuant to subdivision (a) of Section
5 53755, a minimum of 30 days before the adjustment takes effect.
6 (e) The rate schedule may include future cost adjustments that
7 allow for the passthrough of water commodity costs, in lieu of
8 scheduled increases for anticipated water supply cost increases, if
9 all the following are true:
10 (1) Water commodity costs incurred by the local publicly owned
11 water utility vary according to a binding contract with a water
12 supplier and the cost of water is established by the water supplier
13 and not the local publicly owned water utility.
14 (2) The local publicly owned water utility makes the terms of
15 the contract reasonably available to ratepayers for review.
16 (3) The local publicly owned water utility utilizes a water
17 commodity balancing account, set at a level to cover anticipated
18 water supply cost increases, in order to moderate fluctuations in
19 water supply costs.
20 (4) The governing body of the local publicly owned water utility
21 determines, for an increase in water supply costs, that the balancing
22 account will be insufficient to pay for the increase in water supply
23 costs without impairment of the financial condition of the utility.
24 The governing body of the local publicly owned water utility
25 determines, for a decrease in water supply costs, that the amount
26 paid into the balancing account may be reduced without impairment
27 of the financial condition of the utility.
28 (5) Notice of any water supply passthrough adjustment and of
29 the determination of the governing board pursuant to paragraph
30 (4) is provided pursuant to subdivision (a) of Section 53755, a
31 minimum of 30 days before the adjustment takes effect.

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