

AMENDED IN ASSEMBLY AUGUST 2, 2016

AMENDED IN SENATE APRIL 7, 2016

SENATE BILL

No. 1041

Introduced by Senator Hueso

February 12, 2016

An act to add Section 749.5 to, ~~and to add Part 3 (commencing with Section 9525) to Division 4.8 of,~~ to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

SB 1041, as amended, Hueso. Energy: electric ~~and gas~~ rates: public elementary and secondary schools.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical ~~corporations and gas corporations,~~ while local publicly owned electric utilities are under the direction of their governing board. *corporations.* Existing law authorizes the commission to fix the rates and charges for electrical ~~corporations and gas corporations,~~ *corporations* and requires that those rates and charges be just and reasonable. Existing law requires public utilities to develop programs in cooperation with local school districts in reducing their electricity and gas bills through conservation and improvements in ~~efficiency and efficiency.~~ *Existing law* authorizes public utilities to offer school districts on a priority ~~basis~~ *basis, and authorizes school districts to utilize, any* programs or incentives for commercial customers developed by the utility and approved by the commission, including rebates, loan programs, and incentives for the installation of efficient lighting, heating, or cooling systems.

This bill would require ~~each electrical corporation and gas corporation to develop and submit to the commission for its approval a rate for~~

~~service applicable to public elementary and secondary schools that is just and reasonable and reflects the costs of providing service to those schools. Because this requirement is part of the Public Utilities Act and would require an act by the commission for its implementation and because a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime, the bill would impose a state-mandated local program by creating a new crime.~~ *the commission to consider the effects of establishing a rate for electric service specific to public elementary and secondary schools, including consideration of the extent to which the average electrical bills paid by public elementary and secondary schools will increase or decrease and the consistency between establishing the rate and other statutory obligations and state policies. The bill would require the commission to report its findings and conclusions to the relevant policy committees of the Legislature by January 1, 2018.*

~~This bill would require a local publicly owned electric utility to develop and submit to its governing board for its approval a rate for service applicable to public elementary and secondary schools that is just and reasonable and reflects the costs of providing service to those schools. By imposing additional duties upon local publicly owned electric utilities, the bill would impose a state-mandated local program.~~

~~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 specified reasons:~~

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. The Legislature finds and declares all of the
- 2 following:
- 3 (a) The California Constitution authorizes the Public Utilities
- 4 Commission to fix the rates of public utilities in the state and the
- 5 Public Utilities Act requires that all charges of a public utility be
- 6 just and reasonable.
- 7 (b) The cost-causation principle, that rates should reflect the
- 8 cost of providing service, guides the commission's ratemaking
- 9 decisions involving electrical corporations and gas corporations.

1 (c) The state funds public elementary and secondary schools to
2 provide for the education of the state’s children and young people.

3 (d) The state’s public elementary and secondary schools
4 represent a category of energy users that differs from commercial
5 categories of energy users.

6 (e) The state has enacted numerous measures to directly and
7 indirectly reduce the amount of money that public elementary and
8 secondary schools spend on utility bills so that they may focus
9 their limited resources on ~~education~~. *education, including, but not*
10 *limited to, numerous programs to reduce utility bills available*
11 *through the State Energy Resources Conservation and*
12 *Development Commission, the Department of Education, and the*
13 *Public Utilities Commission.*

14 (f) Recently, many public elementary and secondary schools in
15 the state have experienced dramatic increases in the rates they pay
16 for electricity, thereby increasing their overall utility bills and
17 decreasing the moneys available for education.

18 ~~(g) For example, in the San Diego region, the bills for electric~~
19 ~~service paid by some public elementary and secondary schools~~
20 ~~have increased considerably, despite no change in those schools’~~
21 ~~energy usage.~~

22 (h)
23 (g) It is the intent of the Legislature that the ~~commission~~, *Public*
24 *Utilities Commission*, in reviewing and approving an electrical or
25 gas corporation’s rates that are applicable to public elementary
26 and secondary schools, act according to the cost-causation
27 principle.

28 ~~SEC. 2. Section 749.5 is added to the Public Utilities Code, to~~
29 ~~read:~~

30 ~~749.5. Each electrical corporation and gas corporation shall~~
31 ~~develop and submit to the commission for its approval a rate for~~
32 ~~service applicable to public elementary and secondary schools that~~
33 ~~is just and reasonable and reflects the costs of providing service~~
34 ~~to those schools.~~

35 ~~SEC. 3. Part 3 (commencing with Section 9525) is added to~~
36 ~~Division 4.8 of the Public Utilities Code, to read:~~

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PART 3. ~~RATES~~

~~9525. A local publicly owned electric utility shall develop and submit to its governing board for its approval a rate for service applicable to public elementary and secondary schools that is just and reasonable and reflects the costs of providing service to those schools.~~

~~SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because a local agency or school district has the authority to levy service charges, fees, or assessments sufficient to pay for the program or level of service mandated by this act or because costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.~~

SEC. 2. Section 749.5 is added to the Public Utilities Code, to read:

749.5. (a) The commission shall consider the effects of establishing a rate for electric service specific to public elementary and secondary schools.

(b) In implementing subdivision (a), the commission shall consider the extent to which the average electrical bills paid by public elementary and secondary schools will increase or decrease and the consistency between establishing the rate and other statutory obligations and state policies.

(c) (1) The commission shall report to the relevant policy committees of the Legislature on its findings and conclusions by January 1, 2018.

(2) A report to be submitted pursuant to this subdivision shall be submitted in compliance with Section 9795 of the Government Code.

(3) Pursuant to Section 10231.5 of the Government Code, the requirements of this subdivision are inoperative on January 1, 2022.

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