

**ASSEMBLY BILL**

**No. 1002**

**Introduced by Assembly Member Wright**

February 25, 1999

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An act to add Article 10 (commencing with Section 890) to Chapter 4 of Part 1 of Division 1 of the Public Utilities Code, relating to public utilities, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

AB 1002, as introduced, R. Wright. Natural gas: consumption surcharge.

(1) The Public Utilities Act and other existing law requires electrical and gas corporations to create certain public purpose programs, including assistance to low-income customers and low-income weatherization. The act authorizes the Public Utilities Commission to allow the inclusion of expenses for research and development in rates to be charged by, among other utilities, gas corporations.

This bill, except as specified, would require the commission to impose a surcharge on all natural gas consumed in this state to fund those public purpose programs, cost-effective energy efficiency and conservation activities, and public interest research and development, as prescribed. The money from the surcharge would be deposited in the Gas Consumption Surcharge Fund, which fund the bill would create, for continuous appropriation to specified entities, as prescribed. Because a violation of the act is a crime, this bill would impose a state-mandated local program by creating a new crime. The

bill would make legislative findings and declarations relating to the surcharge.

(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:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes. State-mandated local program: yes.

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

1 SECTION 1. (a) The Legislature finds and declares  
2 that statutes and regulations have imposed programs and  
3 fees, such as low-income assistance and weatherization  
4 programs, upon regulated gas utilities that have public  
5 policy goals not directly related to the provision of gas  
6 service. The costs borne by gas utilities to provide these  
7 programs have historically been recovered through gas  
8 rates established by the Public Utilities Commission.

9 (b) The Legislature also finds and declares that, due to  
10 changes in state and federal regulations, the monopolies  
11 for the provisions of gas service in California that  
12 effectively permitted the commission to allocate the cost  
13 of these public policy programs to all gas users are being  
14 replaced with competitive markets. Gas customers may  
15 continue to take advantage of the deregulation of the gas  
16 industries by obtaining service from nonregulated gas  
17 providers who are not required to provide these  
18 programs. Thus, these customers do not pay the costs of  
19 public policy programs.

20 (c) It is the intent of the Legislature to continue public  
21 policy programs in an equitable manner that will ensure  
22 that all gas consumers will provide a fair share of adequate  
23 funding for these programs without increasing the  
24 current funding levels for these programs.

25 SEC. 2. Article 10 (commencing with Section 890) is  
26 added to Chapter 4 of Part 1 of Division 1 of the Public  
27 Utilities Code, to read:

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Article 10. Natural Gas Surcharge

890. (a) No later than January 1, 2000, the commission shall impose a surcharge, as provided in this article, on all natural gas consumed in this state to fund low-income assistance programs required by Sections 739.1, 739.2, and 2790, cost-effective energy efficiency and conservation activities, and public interest research and development authorized by Section 740 that is not adequately provided by the competitive and regulated markets. Upon implementation of this article, funding for those programs shall be removed from the rates of gas utilities.

(b) The commission shall annually determine the amount of money required for the following year to administer this chapter and fund the natural gas related programs described in subdivision (a).

(c) The commission shall annually establish a surcharge rate for each class of customer. The commission shall allocate the surcharge for gas used by noncore customers, including those customers who were not subject to the surcharge prior to January 1, 2000, on an equal cent per therm basis.

(d) The surcharge imposed pursuant to this article shall be identified as a separate line item on all gas bills received by each class of customer.

(e) Notwithstanding subdivision (a), gas utilities shall continue to collect in rates those costs of programs associated with Sections 739.1, 739.2, and 2790 that are uncollected prior to the operative date of this article.

891. Each utility transporting or selling natural gas for consumption in this state shall notify the State Board of Equalization that it is a utility gas provider. Each nonutility pipeline company transporting natural gas in this state shall notify the State Board of Equalization that it is a nonutility gas transporter. The State Board of Equalization may require any documentation that it determines to be necessary to implement this article. The State Board of Equalization shall provide the commission

1 with information necessary to establish a surcharge  
2 pursuant to Section 890.

3 892. “Consumption” means the utilization or  
4 employment of natural gas. Consumption does not  
5 include the use or employment of natural gas to generate  
6 power for sale, the sale or purchase of natural gas for  
7 resale to end users, or natural gas utilized in cogeneration  
8 technology projects to produce electricity in accordance  
9 with Section 454.4 of the Public Utilities Code.

10 893. Except as specified in Section 897, all utility gas  
11 providers shall collect a surcharge pursuant to this article  
12 from persons consuming natural gas in this state who  
13 receive gas service from a utility. All nonutility gas  
14 pipelines shall collect that surcharge from persons  
15 consuming natural gas in this state who receive gas  
16 transportation service from a nonutility gas transporter.  
17 The surcharge shall be in addition to the charges for the  
18 natural gas sold or transported for consumption in this  
19 state.

20 894. The revenue from the surcharge imposed  
21 pursuant to this article and collected by utility gas  
22 providers and nonutility gas providers shall be paid to the  
23 State Board of Equalization.

24 895. Except as specified in Section 892, all persons  
25 consuming natural gas in this state shall be liable for the  
26 surcharge imposed pursuant to this article.

27 896. (a) All money required to be paid to the state  
28 under this article shall be paid in the form of remittances  
29 payable to the State Board of Equalization. The board  
30 shall transmit the payments to the Treasurer to be  
31 deposited in the Gas Consumption Surcharge Fund,  
32 which is hereby created in the State Treasury.

33 (b) Notwithstanding Section 13340 of the  
34 Government Code, funds in the Gas Consumption  
35 Surcharge Fund are continuously appropriated solely for  
36 the following, to be paid by the Controller as follows:

37 (1) To pay eligible persons providing natural gas  
38 related programs and projects specified in subdivision (a)  
39 of Section 890. This amount shall not exceed the amount  
40 determined by the commission to fund those programs.

1 (2) To pay the commission for its costs in carrying out  
2 its duties and responsibilities under this article.

3 (3) To pay the Controller for its costs in administering  
4 this article.

5 (4) To pay the State Board of Equalization for its costs  
6 in administering this article.

7 897. Notwithstanding Section 890, a municipality,  
8 district, or public agency that provides home  
9 weatherization services for low-income customers or that  
10 offers rate assistance to low-income customers shall not be  
11 required to collect a surcharge pursuant to this article  
12 from customers within its jurisdiction. A municipality,  
13 district, or public agency shall be required to collect a  
14 surcharge pursuant to this article from customers served  
15 by the municipality, district, or public agency outside of  
16 its jurisdiction unless the commission determines that the  
17 entity offers those customers services similar to those  
18 offered by gas utilities as described in subdivision (a) of  
19 Section 890.

20 898. Sections 895 and 896 shall not apply to any gas  
21 customer of a municipality, district, or public agency  
22 exempted by Section 897 from collecting a surcharge.

23 899. The State Board of Equalization shall administer  
24 the surcharge imposed pursuant to this article in  
25 accordance with the Fee Collection Procedures Law  
26 (Part 30 (commencing with Section 55001) of Division 2  
27 of the Revenue and Taxation Code).

28 900. The State Board of Equalization shall have the  
29 authority to collect any unpaid surcharges imposed  
30 pursuant to this article.

31 SEC. 3. No reimbursement is required by this act  
32 pursuant to Section 6 of Article XIII B of the California  
33 Constitution because the only costs that may be incurred  
34 by a local agency or school district will be incurred  
35 because this act creates a new crime or infraction,  
36 eliminates a crime or infraction, or changes the penalty  
37 for a crime or infraction, within the meaning of Section  
38 17556 of the Government Code, or changes the definition

1 of a crime within the meaning of Section 6 of Article  
2 XIII B of the California Constitution.

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