

AMENDED IN SENATE APRIL 13, 2000
AMENDED IN ASSEMBLY MAY 12, 1999
AMENDED IN ASSEMBLY MAY 6, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1082

Introduced by Assembly Member Calderon

February 25, 1999

An act to amend Section ~~375~~ 829 of the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1082, as amended, Calderon. Public Utilities Commission: ~~electric restructuring~~ utilities: ~~stocks and security transactions~~.

The Public Utilities Act generally exempts from certain provisions of the act governing stocks and security transactions any person or corporation that transacts no business subject to regulation under the act, except performing services or delivering commodities for or to public utilities or municipal or other public corporations primarily for resale or use in serving the public or any portion thereof. Notwithstanding that general exemption, those provisions of the act governing stocks and security transactions apply to any public utility if the Public Utilities Commission finds that the application of those provisions is required by the public interest. The act authorizes the commission to exempt any public utility or class of public

utility from those stock and security transaction provisions if it finds that their application is not necessary in the public interest.

This bill would remove the public interest exception from the general exemption described above. The bill would exempt from those stock and security transaction provisions a telephone corporation that is regulated under an incentive-based pricing mechanism, unless the corporation secures the financing by pledging a plant or assets. The bill would make related legislative findings and declarations.

~~The Public Utilities Act requires the Public Utilities Commission to allow the recovery of certain reasonable employee related transition costs relating to the restructuring of the electric industry.~~

~~This bill would modify that provision to require the commission to allow the recovery of employee related transition costs, as described, if the commission specifically finds that those costs are reasonable.~~

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

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

- 1 ~~SECTION 1. Section 375 of the Public Utilities Code~~
- 2 ~~SECTION 1. The Legislature finds and declares all of~~
- 3 ~~the following:~~
- 4 ~~(a) The requirement for commission approval of a~~
- 5 ~~utility's financing, as specified in Article 5 (commencing~~
- 6 ~~with Section 816) of Chapter 4 of Part 1 of Division 1 of~~
- 7 ~~the Public Utilities Code, may limit the ability of a utility~~
- 8 ~~whose rates are price-capped to obtain favorable~~
- 9 ~~financing. Such approval could cause a price-cap~~
- 10 ~~regulated utility to miss favorable financing~~
- 11 ~~opportunities, adversely affecting its ability to compete in~~
- 12 ~~California markets with competitors having no similar~~
- 13 ~~regulatory or statutory requirements. This is costly to the~~
- 14 ~~utility, the regulator, the ratepayer, and the taxpayer.~~
- 15 ~~(b) It is the intent of the Legislature that Article 5~~
- 16 ~~(commencing with Section 816) of Chapter 4 of Part 1 of~~
- 17 ~~Division 1 of the Public Utilities Code, not hinder the~~

1 *commission's existing authority to disallow imprudent*
2 *expenses of the utilities under its jurisdiction.*

3 *SEC. 2. Section 829 of the Public Utilities Code is*
4 *amended to read:*

5 829. (a) This article ~~shall~~ *does* not apply to ~~any a~~
6 person or corporation ~~which~~ *that* transacts no business
7 subject to regulation under this part, except performing
8 services or delivering commodities for or to public
9 utilities or municipal or other public corporations
10 primarily for resale or use in serving the public or any
11 portion thereof. ~~but shall nevertheless apply to any public~~
12 ~~utility if the commission finds, in a proceeding to which~~
13 ~~the public utility is or may become a party, that the~~
14 ~~application of this article is required by the public~~
15 ~~interest. The~~

16 (b) (1) *The requirements in this article for*
17 *commission approval of utility financing for utility*
18 *purposes do not apply to a telephone corporation that is*
19 *regulated under an incentive-based pricing mechanism*
20 *and that does not pledge a plant or assets to secure the*
21 *financing.*

22 (2) *Notwithstanding paragraph (1), these utilities*
23 *shall remain subject to Sections 817, 824, and 830.*

24 (c) *The commission may from time to time by order*
25 *or rule, and subject to such those terms and conditions as*
26 *that may be prescribed therein in the order or rule,*
27 *exempt any public utility or class of public utility from the*
28 *provisions of this article if it finds that the application*
29 *thereof of this article to such that public utility or class of*
30 *public utility is not necessary in the public interest.*

31 ~~is amended to read:~~

32 375. (a) ~~In order to mitigate potential negative~~
33 ~~impacts on utility personnel directly affected by electric~~
34 ~~industry restructuring, as described in Decision 95-12-063,~~
35 ~~as modified by Decision 96-01-009, the commission shall~~
36 ~~allow the recovery of employee related transition costs~~
37 ~~incurred and projected for severance, retraining, early~~
38 ~~retirement, outplacement and related expenses for the~~
39 ~~employees, if it finds those costs to be reasonable.~~

1 ~~(b) The costs, including employee related transition~~
2 ~~costs for employees performing services in connection~~
3 ~~with Section 363, shall be added to the amount of~~
4 ~~uneconomic costs allowed to be recovered pursuant to~~
5 ~~this section and Sections 367, 368, and 376, provided~~
6 ~~recovery of these employee related transition costs shall~~
7 ~~extend beyond December 31, 2001, provided recovery of~~
8 ~~the costs shall not extend beyond December 31, 2006.~~
9 ~~However, there shall be no recovery for employee~~
10 ~~related transition costs associated with officers, senior~~
11 ~~supervisory employees, and professional employees~~
12 ~~performing predominantly regulatory functions.~~

