

AMENDED IN ASSEMBLY APRIL 15, 1999

AMENDED IN ASSEMBLY APRIL 8, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1421

Introduced by Assembly Member Wright

February 26, 1999

An act to amend Section 331 of, to add Sections 328.1 and 328.2 to, and to repeal and add Sections 328 and 365.5 of, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1421, as amended, R. Wright. Gas and electric service.

(1) Existing law permits the Public Utility Commission to investigate the restructuring of natural gas services, as specified, but prohibits the commission, prior to January 1, 2000, from enacting any gas industry restructuring decisions and from enforcing any natural gas restructuring decisions for core customers as considered in Rulemaking 98-01-011 enacted after July 1, 1998, but prior to August 25, 1998.

This bill would repeal that provision, and, instead, would require the commission to require each gas corporation to provide bundled basic gas service, as defined, to all core customers in its service territory unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. The bill would specify that a public utility gas corporation shall continue to be the exclusive provider of revenue cycle services, as defined, in its service territory,

except as specified, and would require the commission to require the distribution rate to continue to include after-meter services, as defined. The bill would require the commission to authorize a gas corporation to purchase natural gas commodity from any source and to set the natural gas commodity portion of the bundled rate equal to the weighted average cost of gas. The bill would require the commission to authorize gas corporations to offer optional competitive rate schedules and tariffs. The bill would make related legislative findings and declarations.

(2) Existing law relating to electrical restructuring states that nothing in those provisions prevents the commission from exercising its authority to investigate a process for the certification and regulation of the rates, charges, terms, and conditions of default service, and if the commission determines that a process for the certification and regulation of default service is in the public interest, existing law requires the commission to submit its findings and recommendations to the Legislature for approval.

This bill would repeal that provision, and, instead, require the commission to require each electrical corporation to provide bundled basic electric service, as defined, to all customers in its service territory unless the customer makes a positive declaration in accordance with specified existing law to receive electric power through a direct transaction with another electric service provider. The bill would authorize an electric power supplier, if a customer makes a positive declaration to receive electric power through a direct transaction with an electric power supplier, to also provide metering, billing, and collection service for that customer, but if a positive declaration is not made, would require metering, billing, and collection service to be provided by the existing public utility electrical corporation. The bill would require the commission to set the electric energy commodity portion of the bundled rate, as specified, and to authorize an electrical corporation to purchase energy and associated services from specified sources. The bill would require the commission to authorize each electrical corporation to offer all customers ~~unbundled electric energy at rate alternatives to purchasing energy as part of basic electric service, such as time-of-use~~



based rates; and ~~to also authorize an electrical corporation to offer other optional competitive rates and services.~~

(3) Because a violation by a public utility of a requirement of the commission is a crime, this bill would impose a state-mandated local program by creating new crimes.

(4) 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 328 of the Public Utilities Code
2 is repealed.

3 SEC. 2. Section 328 is added to the Public Utilities
4 Code, to read:

5 328. The Legislature finds and declares both of the
6 following:

7 (a) In order to ensure that all core customers of a gas
8 corporation continue to receive safe basic gas service in
9 a competitive market, each existing gas corporation
10 should continue to provide this essential service.

11 (b) No customer should have to pay separate fees for
12 utilizing services that protect public or customer safety.

13 SEC. 3. Section 328.1 is added to the Public Utilities
14 Code, to read:

15 328.1. As used in this section, the following terms have
16 the following meanings:

17 (a) “Basic gas service” includes transmission, storage
18 for reliability of service, and distribution of natural gas,
19 purchasing natural gas on behalf of a customer, revenue
20 cycle services, and after-meter services.

21 (b) “Revenue cycle services” means metering
22 services, billing the customer, collection, and related
23 customer services.

(c) “After-meter services” includes, but is not limited to, leak investigation, inspecting customer piping and appliances, carbon monoxide investigation, pilot relighting, and high bill investigation.

(d) “Metering services” includes, but is not limited to, gas meter installation, ~~maintenance—testing~~ *meter maintenance, meter testing*, collecting and processing consumption data, and all related services associated with the meter.

SEC. 4. Section 328.2 is added to the Public Utilities Code, to read:

328.2. (a) The commission shall require each gas corporation to provide bundled basic gas service to all core customers in its service territory unless the customer chooses or contracts to have natural gas purchased and supplied by another entity. A public utility gas corporation shall continue to be the exclusive provider of revenue cycle services to all customers in its service territory, except that an entity purchasing and supplying natural gas under the commission’s core aggregation program may perform billing and collection services for its customers. The commission shall require the distribution rate to continue to include after-meter services.

(b) For bundled basic gas service, the commission shall set the natural gas commodity portion of the bundled rate at an amount equal to the weighted average cost of gas. So that customers will have the lowest rate for natural gas, the commission shall authorize the gas corporation to purchase natural gas commodity from any source. Any difference between the cost of purchases by the gas corporation and the cost of gas as measured by appropriate market indices shall be shared by the gas corporation and bundled service customers in a manner determined by the commission. All costs of procurement, other than the purchases of natural gas commodity, shall be included as part of the basic distribution rate paid by all distribution customers.

(c) The commission shall authorize gas corporations to offer optional competitive rate schedules and tariffs.

1 SEC. 5. Section 331 of the Public Utilities Code is
2 amended to read:

3 331. The definitions set forth in this section shall
4 govern the construction of this chapter.

5 (a) “Aggregator” means any marketer, broker, public
6 agency, city, county, or special district, that combines the
7 loads of multiple end-use customers in facilitating the sale
8 and purchase of electric energy, transmission, and other
9 services on behalf of these customers.

10 (b) “Basic electric service” includes transmission and
11 distribution of electric power, purchasing electric power
12 on behalf of a customer, ~~and~~ revenue cycle services such
13 as metering customer usage, billing the customer, and
14 ~~related~~ customer services.

15 (c) “Broker” means an entity that arranges the sale
16 and purchase of electric energy, transmission, and other
17 services between buyers and sellers, but does not take
18 title to any of the power sold.

19 (d) “Direct transaction” means a contract between
20 any one or more electric generators, marketers, or
21 brokers of electric power and one or more retail
22 customers providing for the purchase and sale of electric
23 power or any ancillary services.

24 (e) “Fire wall” means the line of demarcation
25 separating residential and small commercial customers
26 from all other customers as described in subdivision (e)
27 of Section 367.

28 (f) “Marketer” means any entity that buys electric
29 energy, transmission, and other services from traditional
30 utilities and other suppliers, and then resells those
31 services at wholesale or to an end-use customer.

32 (g) “Microcogeneration facility” means a
33 cogeneration facility of less than one megawatt.

34 (h) “Restructuring trusts” means the two tax-exempt
35 public benefit trusts established by Decision D. 96-08-038
36 of the Public Utilities Commission to provide for design
37 and development of the hardware and software systems
38 for the Power Exchange and the Independent System
39 Operator, respectively, and that may undertake other
40 activities, as needed, as ordered by the commission.

1 (i) “Small commercial customer” means a customer
2 that has a maximum peak demand of less than 20
3 kilowatts.

4 SEC. 6. Section 365.5 of the Public Utilities Code is
5 repealed.

6 SEC. 7. Section 365.5 is added to the Public Utilities
7 Code, to read:

8 365.5. (a) The Legislature finds and declares that in
9 order to ensure that all customers of an electrical
10 corporation continue to receive basic electric service in
11 a competitive market, and to protect good California jobs,
12 each electrical corporation should continue to provide
13 this essential service utilizing employees of the
14 corporation.

15 (b) The commission shall require each electrical
16 corporation to provide bundled basic electric service to
17 all customers in its service territory unless the customer
18 makes a positive declaration in accordance with Section
19 366 to receive electric power through a direct transaction
20 with another electric service provider. If a customer
21 makes a positive declaration to receive electric power
22 through a direct transaction with an electric power
23 supplier, the electric power supplier may also provide
24 metering, billing, and collection service for that
25 customer. If a positive declaration is not made, metering,
26 billing, and collection service shall be provided by the
27 existing public utility electrical corporation.

28 (c) Commencing on the date on which the
29 commission-authorized costs for utility generation
30 related assets and obligations have been fully recovered
31 or March 31, 2002, whichever is earlier, the commission
32 shall set the electric energy commodity portion of the
33 bundled rate at an amount equal to the price of electric
34 energy purchased or settled through the Power
35 Exchange. So that customers will have the lowest possible
36 rate for electric power, the commission shall authorize
37 the electrical corporation to purchase energy and
38 associated ancillary services from the Power Exchange
39 and from other sources. Any difference between the cost
40 of purchases from other sources and the cost of purchases

1 from the Power Exchange shall be shared by the
2 electrical corporation and bundled service customers in
3 a manner determined by the commission. All costs of
4 ~~procurement~~ *providing basic electric service*, other than
5 the purchases of energy and ancillary services *and*
6 *transmission*, shall be included as part of the basic
7 distribution rate paid by all distribution customers.

8 (d) The commission shall authorize each electrical
9 corporation to offer all customers ~~unbundled electric~~
10 ~~energy at time-of-use based rates, and shall also authorize~~
11 ~~an electrical corporation to offer other optional~~
12 ~~competitive rates and services. rate alternatives to~~
13 *purchasing energy as part of basic electric service, such*
14 *as time-of-use based rates and other optional competitive*
15 *rates.*

16 SEC. 8. No reimbursement is required by this act
17 pursuant to Section 6 of Article XIII B of the California
18 Constitution because the only costs that may be incurred
19 by a local agency or school district will be incurred
20 because this act creates a new crime or infraction,
21 eliminates a crime or infraction, or changes the penalty
22 for a crime or infraction, within the meaning of Section
23 17556 of the Government Code, or changes the definition
24 of a crime within the meaning of Section 6 of Article
25 XIII B of the California Constitution.

