

AMENDED IN SENATE JULY 8, 1999  
AMENDED IN ASSEMBLY MAY 25, 1999  
AMENDED IN ASSEMBLY APRIL 26, 1999  
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

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~~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 An act to amend Section 365.5 of, to add Sections 328.1, 328.2, and 374.5 to, and to repeal and add Section 328 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 Utilities 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 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—~~ *state that nothing in the electrical restructuring provisions of existing law prevents the commission from considering additional or modified unbundling of electric distribution services and would require the commission to report its findings and recommendations on that subject to the Legislature, as specified.*

*The bill would require electrical corporations serving certain agricultural customers to conduct research to*

*determine the typical simultaneous peak load of those customers and report the results of the research to the customers and the commission not later than a specified date. The bill would require the commission to consider the results of the research when setting future electric distribution rates for those customers.*

(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~~ chapter, the following  
16 terms have 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.

1 (b) “Revenue cycle services” means metering  
2 services, billing the customer, collection, and related  
3 customer services.

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

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

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

14 328.2. The commission shall require each gas  
15 corporation to provide bundled basic gas service to all  
16 core customers in its service territory unless the customer  
17 chooses or contracts to have natural gas purchased and  
18 supplied by another entity. A public utility gas  
19 corporation shall continue to be the exclusive provider of  
20 revenue cycle services to all customers in its service  
21 territory, except that an entity purchasing and supplying  
22 natural gas under the commission’s *existing* core  
23 aggregation program may perform billing and collection  
24 services for its customers *under the same terms as*  
25 *currently authorized by the commission, and except that*  
26 *a supplier of natural gas to noncore customers may*  
27 *perform billing and collection for natural gas supply for*  
28 *its customers. The gas corporation shall continue to*  
29 *calculate its charges for services provided by that*  
30 *corporation. If the commission establishes credits to be*  
31 *provided by the gas corporation to core aggregation or*  
32 *noncore customers who obtain billing or collection*  
33 *services from entities other than the gas corporation, the*  
34 *credit shall be equal to the billing and collection services*  
35 *costs actually avoided by the gas corporation. The*  
36 commission shall require the distribution rate to continue  
37 to include after-meter services.

38 ~~SEC. 5. Section 331 of the Public Utilities Code is~~  
39 ~~amended to read:~~

1     ~~331. The definitions set forth in this section shall~~  
2 ~~govern the construction of this chapter.~~

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

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

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

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

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

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

30     ~~(g) “Microcogeneration facility” means a~~  
31 ~~cogeneration facility of less than one megawatt.~~

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

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

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

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

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

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

~~SEC. 8.—~~

~~SEC. 5. Section 365.5 of the Public Utilities Code is amended to read:~~

~~365.5. (a) The Legislature finds and declares that in regulating electric distribution services, it is important to protect consumers, particularly low-income and fixed-income consumers, preserve electric system safety and reliability, conserve energy, encourage renewable energy generation, and protect good California jobs. Therefore, if the commission investigates further unbundling of electric distribution services, it should evaluate carefully the consequences of that further unbundling, including unbundling revenue cycle~~

1 *services, and report back to the Legislature before taking*  
2 *that action.*

3 (b) Nothing in this chapter ~~shall prevent~~ *prevents* the  
4 commission from exercising its authority to ~~investigate~~  
5 *do all of the following:*

6 (1) *Investigate* a process for certification and  
7 regulation of the rates, charges, terms, and conditions of  
8 default service.

9 (2) *Consider additional or modified unbundling of*  
10 *electric distribution services.* ~~If~~

11 *If* the commission determines that a process for  
12 certification and regulation of default service *or*  
13 *additional or modified unbundling of electric distribution*  
14 *services, including, but not limited to, departing from the*  
15 *level of revenue cycle services unbundling and the*  
16 *costing methodology ordered by the commission in*  
17 *Decisions 97-05-039 and 98-09-070, is in the public interest,*  
18 *the commission shall submit its findings and*  
19 *recommendations to the Legislature for approval.*

20 (c) *Notwithstanding Section 7550.5 of the*  
21 *Government Code, not later than September 1, 2000, the*  
22 *commission shall submit to the Legislature a report*  
23 *regarding the development of retail competition in the*  
24 *electric industry.*

25 SEC. 6. *Section 374.5 is added to the Public Utilities*  
26 *Code, to read:*

27 374.5. *Any electrical corporation serving agricultural*  
28 *customers that have multiple electric meters shall*  
29 *conduct research based on a statistically valid sample of*  
30 *those customers and meters to determine the typical*  
31 *simultaneous peak load of those customers. The results of*  
32 *the research shall be reported to the customers and the*  
33 *commission not later than July 1, 2001. The commission*  
34 *shall consider the research results in setting future*  
35 *electric distribution rates for those customers.*

36 SEC. 7. No reimbursement is required by this act  
37 pursuant to Section 6 of Article XIII B of the California  
38 Constitution because the only costs that may be incurred  
39 by a local agency or school district will be incurred  
40 because this act creates a new crime or infraction,

1 eliminates a crime or infraction, or changes the penalty  
2 for a crime or infraction, within the meaning of Section  
3 17556 of the Government Code, or changes the definition  
4 of a crime within the meaning of Section 6 of Article  
5 XIII B of the California Constitution.

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