

Introduced by Senator Kelley

(Principal coauthor: Assembly Member Machado)

(Coauthors: Senators Alpert, Baca, Brulte, Burton, Chesbro, Hayden, Haynes, Johannessen, Johnson, Karnette, Knight, Leslie, Lewis, McPherson, Monteith, Morrow, Murray, O'Connell, Ortiz, Peace, Polanco, Poochigian, Rainey, Schiff, Sher, and Solis)

(Coauthors: Assembly Members Alquist, Ashburn, Briggs, Calderon, Cardoza, Dickerson, Dutra, Firebaugh, Florez, Gallegos, House, Kuehl, Lempert, Longville, Lowenthal, Margett, Papan, Reyes, Romero, Soto, Steinberg, Strom-Martin, Thompson, Thomson, Torlakson, Vincent, Washington, and Wildman)

February 2, 1999

An act to add Section 321.7 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 282, as introduced, Kelley. Public Utilities Commission: rates: rural areas.

Existing law requires the Public Utilities Commission to submit to the Governor an annual report containing a complete account of its transactions and proceeding for the preceding fiscal year. Existing law requires the commission to develop, publish, and annually update an annual work plan access guide that describes the scheduled ratemaking proceedings and other decisions that may be considered by the commission during the calendar year, as prescribed.

The bill would require the commission to include in the annual work plan access guide a statement that specifies activities that the commission proposes to reduce the costs of, and rates for, energy, including electricity, and for improving the competitive opportunities for state agriculture and other rural energy consumers. The bill would require the commission to include in the annual report submitted to the Governor a statement that specifies the activities and achievements of the commission in reducing the costs of, and rates for, energy, including electricity, for state agriculture and other rural energy consumers.

The bill would require the commission to study the causes of high rates for electrical service to agriculture and to identify options for reducing rates through competition for the components of electrical service, as specified. The bill would require the commission, on or before March 1, 2000, to prepare and submit to the Legislature a report that details its findings and conclusions with regard to that study.

The bill would make related legislative findings and declarations.

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. The Legislature finds and declares all of
- 2 the following:
- 3 (a) Agriculture is among the most important
- 4 economic activities in this state.
- 5 (b) Agriculture in this state uses significant amounts of
- 6 energy in production on farms and ranches. The high cost
- 7 of energy for agriculture in this state, relative to the cost
- 8 of energy in other parts of the country, undermines the
- 9 competitive position of state agriculture in national and
- 10 international markets.
- 11 (c) The rates for electricity for agriculture appear to
- 12 be inequitable for all of the following reasons:
- 13 (1) Small farms and ranches often pay substantially
- 14 more per kilowatt hour for utility stranded costs than
- 15 other energy customers.



(2) The costs of providing electric distribution service in rural areas are less than the costs for providing that service in other parts of the state, while rates are often higher.

(3) The rates for electric distribution service in rural areas of the state are higher than in rural areas in other parts of the United States, although the terrain and weather in this state is often less severe.

(d) The primary goal of electrical restructuring was to reduce the cost of electricity for consumers in this state.

(e) Reducing energy costs for agriculture is in the public interest.

SEC. 2. (a) The Public Utilities Commission shall study the causes of high rates for electrical service to agriculture, including the contribution that rural customers make to the costs of providing electricity, and shall identify options for reducing rates through competition for the components of electrical service, including energy generation and distribution.

(b) The Public Utilities Commission shall undertake those proceedings, and shall issue those orders, that it determines to be necessary to effectuate this section.

(c) On or before March 1, 2000, the Public Utilities Commission shall prepare and submit to the Legislature a report that details its findings and conclusions pursuant to this section.

SEC. 3. Section 321.7 is added to the Public Utilities Code, to read:

321.7. (a) The commission shall include in the annual work plan access guide prepared by the commission pursuant to Section 321.6 a statement that specifies activities that the commission proposes to reduce the costs of, and rates for, energy, including electricity, and for improving the competitive opportunities for state agriculture and other rural energy consumers.

(b) The commission shall include in the annual report submitted by the commission to the Governor pursuant to Section 316 a statement that specifies the activities and achievements of the commission in reducing the costs of,

- 1 and rates for, energy, including electricity, for state
- 2 agriculture and other rural energy consumers.

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