

AMENDED IN ASSEMBLY JUNE 2, 1999

AMENDED IN SENATE MAY 11, 1999

AMENDED IN SENATE APRIL 20, 1999

AMENDED IN SENATE APRIL 6, 1999

**SENATE BILL**

**No. 282**

**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

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

LEGISLATIVE COUNSEL'S DIGEST

SB 282, as amended, Kelley. Utility service 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 proceedings for the preceding fiscal year. Existing law requires the Public Utilities 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. Existing law establishes the State Energy Resources Conservation and Development Commission, with powers and responsibilities as prescribed.

The bill would require the Public Utilities Commission to include in the annual work plan access guide a statement that specifies activities that the Public Utilities 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 Public Utilities Commission to include in the annual report submitted to the Governor a statement that specifies the activities and achievements of the Public Utilities 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 Energy Resources Conservation and Development Commission to study the causes of high rates for electrical service to agriculture ~~and to identify options for reducing rates that the Energy Resources Conservation and Development Commission determines to be inequitable~~, *to compare agricultural electric rates, as prescribed, recommend strategies for reduction of service costs, and identify factors affecting agricultural rates, as prescribed*. The bill would require the Energy Resources Conservation and Development Commission, on or before September 1, 2000, to prepare and submit to the Legislature a report that details its findings and conclusions ~~with regard to that study~~ *pursuant to these provisions*.

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:*

SECTION 1. The Legislature finds and declares all of the following:

(a) Agriculture is among the most important economic activities in this state.

(b) Agriculture in this state uses significant amounts of energy in production on farms and ranches. The high cost of energy for agriculture in this state, relative to the cost of energy in other parts of the country, undermines the competitive position of state agriculture in national and international markets.

(c) There is a need to determine if the following circumstances cause inequitable rates for electricity for agriculture in this state:

(1) Small farms and ranches often pay substantially more per kilowatt hour for utility stranded costs than 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) To the extent that energy costs for agriculture are inequitable, it is in the public interest to correct the inequities.

SEC. 2. (a) The Energy Resources Conservation and Development 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 that the commission determines to be inequitable.

(b) Notwithstanding Section 7550.5 of the Government Code, on or before September 1, 2000, the

1 ~~Energy Resources Conservation and Development~~  
2 ~~Commission shall prepare and submit to the Legislature~~  
3 ~~a report that details its findings and conclusions pursuant~~  
4 ~~to this section.~~ *rates for electrical service to agriculture.*  
5 *The Commission shall include in its study a comparison*  
6 *of rates for agriculture with rates for other customer*  
7 *classes and a comparison of the agricultural electric rates*  
8 *in California with the electric rates for agriculture in*  
9 *other states. The commission may recommend strategies*  
10 *by which agriculture can reduce its electric service costs*  
11 *and identify factors that may affect the rate structure for*  
12 *agricultural electric customers following termination of*  
13 *the rate levels provided for in subdivision (a) of Section*  
14 *368 of the Public Utilities Code.*

15 *(b) Notwithstanding Section 7550.5 of the*  
16 *Government Code, the Energy Resources Conservation*  
17 *and Development Commission shall prepare and submit*  
18 *to the Legislature a report that details its findings and*  
19 *conclusions pursuant to this section on or before*  
20 *September 1, 2000.*

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

23 321.7. (a) The commission shall include in the annual  
24 work plan access guide prepared by the commission  
25 pursuant to Section 321.6 a statement that specifies  
26 activities that the commission proposes to reduce the  
27 costs of, and rates for, energy, including electricity, and  
28 for improving the competitive opportunities for state  
29 agriculture and other rural energy consumers.

30 (b) The commission shall include in the annual report  
31 submitted by the commission to the Governor pursuant  
32 to Section 316 a statement that specifies the activities and  
33 achievements of the commission in reducing the costs of,  
34 and rates for, energy, including electricity, for state  
35 agriculture and other rural energy consumers.