

AMENDED IN ASSEMBLY JUNE 29, 1999

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, *Frusetta*, Gallegos, House, Kuehl, Lempert, Longville, Lowenthal, ~~Margett, Papan~~ *Maddox, Margett, Mazzoni, Papan, Pescetti*, Reyes, Romero, Soto, Steinberg, Strom-Martin, Thompson, Thomson, Torlakson, Vincent, Washington, ~~and Wildman~~ *Wesson, Wildman, and Wright*)

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 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, 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 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:*

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

14 (1) Small farms and ranches often pay substantially  
15 more per kilowatt hour for utility stranded costs than  
16 other energy customers.

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

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

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

27 (e) To the extent that energy costs for agriculture are  
28 inequitable, it is in the public interest to correct the  
29 inequities.

30 SEC. 2. (a) The Energy Resources Conservation and  
31 Development Commission shall study the causes of high  
32 rates for electrical service to agriculture. The  
33 Commission shall include in its study a comparison of  
34 rates for agriculture with rates for other customer classes  
35 and a comparison of the agricultural electric rates in  
36 California with the electric rates for agriculture in other  
37 states. The commission may recommend strategies by  
38 which agriculture can reduce its electric service costs and

1 identify factors that may affect the rate structure for  
2 agricultural electric customers following termination of  
3 the rate levels provided for in subdivision (a) of Section  
4 368 of the Public Utilities Code.

5 (b) Notwithstanding Section 7550.5 of the  
6 Government Code, the Energy Resources Conservation  
7 and Development Commission shall prepare and submit  
8 to the Legislature a report that details its findings and  
9 conclusions pursuant to this section on or before  
10 September 1, 2000.

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

13 321.7. (a) The commission shall include in the annual  
14 work plan access guide prepared by the commission  
15 pursuant to Section 321.6 a statement that specifies  
16 activities that the commission proposes to reduce the  
17 costs of, and rates for, energy, including electricity, and  
18 for improving the competitive opportunities for state  
19 agriculture and other rural energy consumers.

20 (b) The commission shall include in the annual report  
21 submitted by the commission to the Governor pursuant  
22 to Section 316 a statement that specifies the activities and  
23 achievements of the commission in reducing the costs of,  
24 and rates for, energy, including electricity, for state  
25 agriculture and other rural energy consumers.

