

AMENDED IN SENATE MAY 6, 1999
AMENDED IN SENATE APRIL 21, 1999

SENATE BILL

No. 1217

Introduced by Senator Polanco

February 26, 1999

An act to add ~~Section 381.5~~ *Sections 381.5, 382.5, and 382.7* to, and to add Chapter 1.5 (commencing with Section 270) to Part 1 of Division 1 of, the Public Utilities Code, relating to public utilities, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1217, as amended, Polanco. Public Utilities Commission: advisory boards: electrical restructuring: public benefit programs.

(1) Existing law provides for various programs relating to telephone corporations to be administered by the Public Utilities Commission, and paid for in the utility rates authorized by the commission.

This bill would, under the Public Utilities Act, create 6 advisory boards to advise the commission regarding the implementation, development, and administration of specified programs, and to carry out the programs pursuant to the commission's direction, control, and approval. The bill would require the commission to determine the number and qualifications of the members of each advisory board, as specified, and would prescribe certain matters of organization and procedure for each advisory board. The bill would require the boards to submit an annual budget to the commission for

approval, and a report describing the activities of the board, as prescribed. The bill would create a fund in the State Treasury for each advisory board. The bill would require telephone corporations to submit to the commission approved rate revenues for transfer by the commission to the Controller for deposit in the appropriate fund as created by the bill. The bill would require any unexpended revenues collected prior to the operative date of the bill to be deposited in the appropriate fund, as specified. The bill would continuously appropriate the funds in each fund, as specified, thus making an appropriation. The bill would require the commission to conduct financial audits of the revenues for each of the funds, and to conduct compliance audits with regard to each program, as specified. Because, under the act, a violation of those provisions would be a crime, the bill would impose a state-mandated local program by creating new crimes.

(2) The act requires the commission to order specified electrical corporations to collect and spend certain funds for prescribed public benefit programs. The act specifically requires cost-effective energy efficiency and conservation activities to be funded by San Diego Gas and Electric Company, Southern California Edison Company, and Pacific Gas and Electric Company at specified levels, commencing January 1, 1998, through December 31, 2001.

~~This bill, notwithstanding the above provision, would require the San Diego Gas and Electric Company, Southern California Edison Company, Pacific Gas and Electric Company, Southern California Gas Company, and any other public utility designated by the commission, to administer those activities described above that are non-low-income activities, as prescribed by the commission, through December 31, 2001. The bill would require the commission, before January 1, 2002, to study the feasibility of administering the activities through a nonprofit public benefit corporation. Because a violation of the act by a public utility is a crime, this bill would impose a state-mandated local program by creating a new crime.~~

The bill would require the Department of Community Services and Development, commencing June 1, 2000, to administer specified energy efficiency programs provided to



low-income *gas and* electricity customers, as prescribed, and, for those purposes, to contract with the nonprofit and for-profit contractors under contract with the San Diego Gas and Electric Company, Southern California Edison Company, Pacific Gas and Electric Company, and Southern California Gas Company as of April 1, 1999. *The bill would require the department, for the purpose of the California Alternative Rates for Energy Program, to contract with nonprofit and for-profit contractors, taking into account cost, experience, and other attributes of a contractor that the department determines will benefit local communities. The bill would require the Bureau of State Audits, on or before July 1, 2002, and every 2 years thereafter, to conduct a performance and financial audit of the administration by the department of the low-income energy efficiency programs and the California Alternative Rates for Energy Program, as prescribed. The bill would make related legislative findings and declarations and statements of Legislative intent.*

(3) 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: yes. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Chapter 1.5 (commencing with Section
2 270) is added to Part 1 of Division 1 of the Public Utilities
3 Code, to read:

4

5 CHAPTER 1.5. ADVISORY BOARDS

6

7 270. (a) The following funds are hereby created in
8 the State Treasury:

9 (1) The California High-Cost Fund-A Administrative
10 Committee Fund.

1 (2) The California High-Cost Fund-B Administrative
2 Committee Fund.

3 (3) The Universal Lifeline Telephone Service Trust
4 Administrative Committee Fund.

5 (4) The Deaf and Disabled Telecommunications
6 Program Administrative Committee Fund.

7 (5) The Payphone Service Providers Committee
8 Fund.

9 (6) The California Teleconnect Fund Administrative
10 Committee Fund.

11 (b) Moneys in the funds may only be expended
12 pursuant to this chapter.

13 (c) Moneys in each fund may not be appropriated, or
14 in any other manner transferred or otherwise diverted,
15 to any other fund or entity.

16 271. For each advisory board created pursuant to this
17 chapter all of the following are applicable:

18 (a) The commission shall establish the number of, and
19 qualifications for, persons to serve as members of each
20 board, and shall appoint the members of each board. In
21 determining the qualifications of persons who will serve
22 as members of each board, the commission shall consider
23 the purpose of the program, and shall attempt to achieve
24 balanced public participation, for each board. The
25 membership of each board shall reflect, to the extent
26 possible, and consistent with existing law, the ethnic and
27 gender diversity of the state.

28 (b) Each board shall determine, subject to approval by
29 the commission, the time, location, and number of
30 monthly meetings for each board.

31 (c) A majority of the number of members of each
32 board constitutes a quorum.

33 (d) A board cannot act at a meeting without the
34 presence of a quorum.

35 (e) The affirmative vote of a majority of those
36 members present at the meeting of a board is necessary
37 in order to pass any motion, resolution, or measure.

38 (f) The commission shall determine for each board
39 whether the board members shall receive expense
40 reimbursement pursuant to Section 19820 of the

1 Government Code and a per diem allowance, as specified
 2 in Section 11564.5 of the Government Code, or as
 3 established by the commission. Each member of a board
 4 who is not a commission or public utility employee, or
 5 who is not otherwise compensated by an employer for
 6 service on the board, shall be entitled to make a claim for
 7 and to receive a per diem allowance, if authorized by the
 8 commission. Each member of a board who is not a public
 9 utility employee, or who is not otherwise reimbursed by
 10 an employer for expenses incurred when serving on the
 11 board, shall be entitled to make a claim for and to receive
 12 expense reimbursement, if authorized by the
 13 commission. The commission shall allow all reasonable
 14 expense and per diem claims. The payments in each
 15 instance shall be made only from the fund that supports
 16 the activities of the board and shall be subject to the
 17 availability of money in that fund. The claims shall be filed
 18 by the board with the commission.

19 273. Each advisory board created pursuant to this
 20 chapter shall do both of the following:

21 (a) Submit an annual budget to the commission.
 22 Within 90 calendar days after receiving a board's annual
 23 budget, the commission shall either accept, accept with
 24 conditions, or reject the submitted budget.

25 (b) Notwithstanding Section 7550.5 of the
 26 Government Code, submit, in accordance with
 27 procedures established by the commission, a report that
 28 shall describe the activities of the board during the prior
 29 reporting period. The report shall be submitted on an
 30 annual or more frequent basis, as ordered by the
 31 commission.

32 274. The commission may, whenever it determines it
 33 to be necessary, conduct financial audits of the revenues
 34 required to be collected and submitted to the commission
 35 for each of the funds specified in Section 270. The
 36 commission may, whenever it determines it to be
 37 necessary, conduct compliance audits on the compliance
 38 with commission orders with regard to each program
 39 subject to this chapter. The commission shall conduct a
 40 financial and compliance audit at least once every three

1 years. The first three-year period for a financial and
2 compliance audit commences on January 1, 2000. The
3 second and subsequent three-year periods for financial
4 audits commence three years after the completion of the
5 prior financial audit. The second and subsequent
6 three-year periods for compliance audits commence
7 three years after the completion of the prior compliance
8 audit. The commission may contract with the Bureau of
9 State Audits or the Department of Finance for all
10 necessary auditing services. All costs for audits shall be
11 paid from the fund that supports the activities of the
12 board audited and shall be subject to the availability of
13 money in that fund.

14 275. (a) There is hereby created the California
15 High-Cost Fund-A Administrative Committee, which is
16 an advisory board to advise the commission regarding the
17 development, implementation, and administration of a
18 program to provide for transfer payments to small
19 independent telephone corporations providing local
20 exchange services in high-cost rural and small
21 metropolitan areas in the state to create fair and equitable
22 local rate structures, as provided for in Section 739.3, and
23 to carry out the program pursuant to the commission's
24 direction, control, and approval.

25 (b) All revenues collected by telephone corporations
26 in rates authorized by the commission to fund the
27 program specified in subdivision (a) shall be submitted to
28 the commission pursuant to a schedule established by the
29 commission. The commission shall transfer the moneys
30 received to the Controller for deposit in the California
31 High-Cost Fund-A Administrative Committee Fund. All
32 interest earned by moneys in the fund shall be deposited
33 in the fund. Any unexpended revenues collected prior to
34 the operative date of this section shall be submitted to the
35 commission, and the commission shall transfer those
36 moneys to the Controller for deposit in the California
37 High-Cost Fund-A Administrative Committee Fund.

38 (c) Notwithstanding Section 13340 of the Government
39 Code, moneys in the California High-Cost Fund-A
40 Administrative Committee Fund are hereby

1 continuously appropriated to the commission, without
2 regard to fiscal years, to be utilized exclusively by the
3 commission for the program specified in subdivision (a),
4 including all costs of the board and the commission
5 associated with the administration and oversight of the
6 program and the fund.

7 276. (a) There is hereby created the California
8 High-Cost Fund-B Administrative Committee, which is
9 an advisory board to advise the commission regarding the
10 development, implementation, and administration of a
11 program to provide for transfer payments to telephone
12 corporations providing local exchange services in
13 high-cost areas in the state to create fair and equitable
14 local rate structures, as provided for in Section 739.3, and
15 to carry out the program pursuant to the commission's
16 direction, control, and approval.

17 (b) All revenues collected by telephone corporations
18 in rates authorized by the commission to fund the
19 program specified in subdivision (a) shall be submitted to
20 the commission pursuant to a schedule established by the
21 commission. The commission shall transfer the moneys
22 received to the Controller for deposit in the California
23 High-Cost Fund-B Administrative Committee Fund. All
24 interest earned by moneys in the fund shall be deposited
25 in the fund. Any unexpended revenues collected prior to
26 the operative date of this section shall be submitted to the
27 commission, and the commission shall transfer those
28 moneys to the Controller for deposit in the California
29 High-Cost Fund-B Administrative Committee Fund.

30 (c) Notwithstanding Section 13340 of the Government
31 Code, moneys in the California High-Cost Fund-B
32 Administrative Committee Fund are hereby
33 continuously appropriated to the commission, without
34 regard to fiscal years, to be utilized exclusively by the
35 commission for the program specified in subdivision (a),
36 including all costs of the board and the commission
37 associated with the administration and oversight of the
38 program and the fund.

39 277. (a) There is hereby created the Universal
40 Lifeline Telephone Service Trust Administrative

1 Committee, which is an advisory board to advise the
2 commission regarding the development,
3 implementation, and administration of a program to
4 ensure lifeline telephone service is available to the people
5 of the state, as provided for in Article 8 (commencing
6 with Section 871) of Chapter 4 of Part 1 of Division 1, and
7 to carry out the program pursuant to the commission's
8 direction, control, and approval.

9 (b) All revenues collected by telephone corporations
10 in rates authorized by the commission to fund the
11 program specified in subdivision (a) shall be submitted to
12 the commission pursuant to a schedule established by the
13 commission. The commission shall transfer the moneys
14 received to the Controller for deposit in the Universal
15 Lifeline Telephone Service Trust Administrative
16 Committee Fund. All interest earned by moneys in the
17 fund shall be deposited in the fund. Any unexpended
18 revenues collected prior to the operative date of this
19 section shall be submitted to the commission, and the
20 commission shall transfer those moneys to the Controller
21 for deposit in the Universal Lifeline Telephone Service
22 Trust Administrative Committee Fund.

23 (c) Notwithstanding Section 13340 of the Government
24 Code, moneys in the Universal Lifeline Telephone
25 Service Trust Administrative Committee Fund are
26 hereby continuously appropriated to the commission,
27 without regard to fiscal years, to be utilized exclusively by
28 the commission for the program specified in subdivision
29 (a), including all costs of the board and the commission
30 associated with the administration and oversight of the
31 program and the fund.

32 278. (a) There is hereby created the Deaf and
33 Disabled Telecommunications Program Administrative
34 Committee, which is an advisory board to advise the
35 commission regarding the development,
36 implementation, and administration of programs to
37 provide specified telecommunications services and
38 equipment to persons in this state who are deaf or
39 disabled, as provided for in Sections 2881, 2881.1, and



1 2881.2, and to carry out the programs pursuant to the
2 commission's direction, control, and approval.

3 (b) All revenues collected by telephone corporations
4 in rates authorized by the commission to fund the
5 programs specified in subdivision (a) shall be submitted
6 to the commission pursuant to a schedule established by
7 the commission. The commission shall transfer the
8 moneys received to the Controller for deposit in the Deaf
9 and Disabled Telecommunications Program
10 Administrative Committee Fund. All interest earned by
11 moneys in the fund shall be deposited in the fund. Any
12 unexpended revenues collected prior to the operative
13 date of this section shall be submitted to the commission,
14 and the commission shall transfer those moneys to the
15 Controller for deposit in the Deaf and Disabled
16 Telecommunications Program Administrative
17 Committee Fund. In addition, those revenues that are
18 collected pursuant to subdivision (d) of Section 2881 shall
19 be accounted for separately, as required by subdivision
20 (b) of Section 2881.2, and deposited in the fund created
21 by the commission pursuant to subdivision (b) of Section
22 2881.2.

23 (c) Notwithstanding Section 13340 of the Government
24 Code, moneys in the Deaf and Disabled
25 Telecommunications Program Administrative
26 Committee Fund are hereby continuously appropriated
27 to the commission, without regard to fiscal years, to be
28 utilized exclusively by the commission for the program
29 specified in subdivision (a), including all costs of the
30 board and the commission associated with the
31 administration and oversight of the program and the
32 fund.

33 279. (a) There is hereby created the Payphone
34 Service Providers Committee, which is an advisory board
35 to advise the commission regarding the development,
36 implementation, and administration of programs to
37 educate payphone service providers, ensure compliance
38 with the commission's requirements for payphone
39 operations, and educate consumers on matters related to
40 payphones, as provided for in commission Decision

1 90-06-018, and to provide for the placement of
2 telecommunications devices capable of servicing the
3 needs of the deaf or the hearing-impaired in existing
4 buildings and public accommodations, as specified in
5 subdivision (a) of Section 2881.2.

6 (b) All revenues collected by telephone corporations
7 in rates authorized by the commission to fund the
8 programs specified in subdivision (a) shall be submitted
9 to the commission pursuant to a schedule established by
10 the commission. The commission shall transfer the
11 moneys received to the Controller for deposit in the
12 Payphone Service Providers Committee Fund. All
13 interest earned by moneys in the fund shall be deposited
14 in the fund. Any unexpended revenues collected prior to
15 the operative date of this section shall be submitted to the
16 commission, and the commission shall transfer those
17 moneys to the Controller for deposit in the Payphone
18 Service Providers Committee Fund.

19 (c) Notwithstanding Section 13340 of the Government
20 Code, moneys in the Payphone Service Providers
21 Committee Fund are hereby continuously appropriated
22 to the commission, without regard to fiscal years, to be
23 utilized exclusively by the commission for the program
24 specified in subdivision (a), including all costs of the
25 board and the commission associated with the
26 administration and oversight of the program and the
27 fund.

28 280. (a) There is hereby created the California
29 Teleconnect Fund Administrative Committee, which is
30 an advisory board to advise the commission regarding the
31 development, implementation, and administration of a
32 program to advance universal service by providing
33 discounted rates to qualifying schools, libraries, hospitals,
34 health clinics, and community organizations, consistent
35 with Chapter 278 of the Statutes of 1994, and to carry out
36 the program pursuant to the commission's direction,
37 control, and approval.

38 (b) All revenues collected by telephone corporations
39 in rates authorized by the commission to fund the
40 program specified in subdivision (a) shall be submitted to

1 the commission pursuant to a schedule established by the
2 commission. The commission shall transfer the moneys
3 received to the Controller for deposit in the California
4 Teleconnect Fund Administrative Committee Fund. All
5 interest earned by moneys in the fund shall be deposited
6 in the fund. Any unexpended revenues collected prior to
7 the operative date of this section shall be submitted to the
8 commission, and the commission shall transfer those
9 moneys to the Controller for deposit in the California
10 Teleconnect Fund Administrative Committee Fund.

11 (c) Notwithstanding Section 13340 of the Government
12 Code, moneys in the California Teleconnect Fund
13 Administrative Committee Fund are hereby
14 continuously appropriated to the commission, without
15 regard to fiscal years, to be utilized exclusively by the
16 commission for the program specified in subdivision (a),
17 including all costs of the board and the commission
18 associated with the administration and oversight of the
19 program and the fund.

20 281. Any revenues that are deposited in funds created
21 pursuant to this chapter shall not be used by the state for
22 any purpose other than as specified in this chapter.

23 SEC. 2. Section 381.5 is added to the Public Utilities
24 Code, to read:

25 ~~381.5. (a) Notwithstanding paragraph (1) of~~
26 ~~subdivision (c) of Section 381, San Diego Gas and Electric~~
27 ~~Company, Southern California Edison Company, Pacific~~
28 ~~Gas and Electric Company, Southern California Gas~~
29 ~~Company, and any other public utility designated by the~~
30 ~~commission, shall administer the cost-effective energy~~
31 ~~efficiency and conservation activities described in that~~
32 ~~paragraph that are non-low-income activities, as~~
33 ~~prescribed by the commission, through December 31,~~
34 ~~2001. Before January 1, 2002, the commission shall study~~
35 ~~the feasibility of administering those activities through a~~
36 ~~nonprofit public benefit corporation.~~

37 381.5. (a) *The Legislature finds and declares all of*
38 *the following:*

39 (1) *A low-income energy efficiency program,*
40 *designed to assist low-income households, should serve as*

1 one of the many existing programs operated within the
2 Department of Community Services and Development,
3 including, but not limited to, food and nutrition, job
4 training, employment, education, housing, and
5 emergency assistance programs.

6 (2) The Department of Community Services and
7 Development, for many years, has administered
8 low-income energy assistance and weatherization
9 programs funded by the federal Department of Health
10 and Human Services and the federal Department of
11 Energy.

12 (3) The stated mission of the Department of
13 Community Services and Development is to develop
14 resources that California's low-income communities need
15 to move from poverty to self-sufficiency by collaboration
16 with its network of community service providers and
17 other public and private organizations. Those community
18 service organizations and agencies have demonstrated
19 their capacity to offer a variety of services to assist the
20 Department of Community Services and Development
21 in achieving its mission objectives.

22 (b) It is the intent of the Legislature to do both of the
23 following:

24 (1) To protect and strengthen the current network of
25 community service providers by transferring low-income
26 energy efficiency programs and the California
27 Alternative Rates for Energy Program to the
28 Department of Community Services and Development,
29 thereby integrating low-income energy efficiency
30 programs with the range of services presently
31 administered by the Department of Community Services
32 and Development.

33 (2) To ensure that the administration of low-income
34 energy efficiency programs is not accomplished through
35 creation of an additional administrative entity, which
36 would contribute to the needless growth of government.

37 (c) It is the further intent of the Legislature that any
38 evaluation of the effectiveness of low-income energy
39 efficiency programs shall be based not solely on cost
40 criteria, but also on the degree to which the provision of

1 *services allows maximum program accessibility to quality*
 2 *programs to low-income communities by agencies that*
 3 *have demonstrated performance in effectively*
 4 *delivering services to those communities.*

5 ~~(b)~~

6 (d) (1) Commencing June 1, 2000, the Department of
 7 Community Services and Development shall administer
 8 the energy efficiency programs provided to low-income
 9 gas and electricity customers, including, but not limited
 10 to, weatherization, appliance repair and replacement,
 11 energy education, and the California Alternative Rates
 12 for Energy Program.

13 ~~(c)-(1)~~

14 (2) The Department of Community Services and
 15 Development, for the purposes of administering the
 16 programs described in ~~subdivision (b)~~ paragraph (1),
 17 shall contract with the nonprofit and for-profit
 18 contractors under contract with the San Diego Gas and
 19 Electric Company, Southern California Edison
 20 Company, Pacific Gas and Electric Company, and
 21 Southern California Gas Company as of April 1, 1999. To
 22 ensure direct ratepayer benefit within each utility service
 23 area, the Department of Community Services and
 24 Development shall ensure that any funds collected by
 25 each utility in support of low-income energy efficiency
 26 programs are expended within the service territory of
 27 that utility.

28 ~~(2) Except as specified in paragraph (3), the policies~~

29 (3) Except as specified in paragraph (4), the policies
 30 and procedures, and program eligibility, for the
 31 low-income energy efficiency programs shall be those in
 32 effect on April 1, 1999.

33 ~~(3)~~

34 (4) The Department of Community Services and
 35 Development may modify the policies and procedures
 36 and program eligibility described in paragraph (2), ~~after~~
 37 ~~considering public input.~~

38 ~~SEC. 3.—~~(3), and may select additional contractors to
 39 deliver program services, or discontinue contractors,
 40 after considering public input from a variety of sources,

1 including, but not limited to, representatives of
2 low-income populations and communities. The
3 Department of Community Services and Development,
4 with respect to the selection of new service providers,
5 shall give special consideration to local public and private
6 nonprofit organizations that receive federal Low-Income
7 Home Energy Assistance program funds or federal
8 Department of Energy Low-Income Weatherization
9 Assistance program funds, or that are currently providing
10 service under the low-income energy efficiency
11 programs described in paragraph (1).

12 SEC. 3. Section 382.5 is added to the Public Utilities
13 Code, to read:

14 382.5. For the purposes of implementing the outreach
15 portions of the California Alternative Rates for Energy
16 Program, as required by the commission, the
17 Department of Community Services and Development
18 shall contract with nonprofit and for-profit contractors,
19 taking into account cost, experience, and other attributes
20 of a contractor that the Department of Community
21 Services and Development determines will benefit local
22 communities.

23 SEC. 4. Section 382.7 is added to the Public Utilities
24 Code, to read:

25 382.7. On or before July 1, 2002, and every two years
26 thereafter, the Bureau of State Audits shall conduct a
27 performance and financial audit of the administration by
28 the Department of Community Services and
29 Development of the low-income energy efficiency
30 programs and the California Alternative Rates for Energy
31 Program pursuant to Sections 381.5 and 382.5. The audit
32 shall consider all of the following:

33 (a) The efficiency of program expenditures,
34 including, but not limited to, an assessment of
35 administrative costs.

36 (b) An evaluation of the quality and efficiency of
37 service delivered to low-income households.

38 (c) Procedures for handling complaints, including, but
39 not limited to, an inventory of inspection failures.



1 (d) *An assessment of the ratio of services delivered to*
2 *the population of those persons eligible to receive*
3 *services, including, but not limited to, an assessment of*
4 *barriers to the receipt of service under the low-income*
5 *energy efficiency programs.*

6 SEC. 5. No reimbursement is required by this act
7 pursuant to Section 6 of Article XIII B of the California
8 Constitution because the only costs that may be incurred
9 by a local agency or school district will be incurred
10 because this act creates a new crime or infraction,
11 eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section
13 17556 of the Government Code, or changes the definition
14 of a crime within the meaning of Section 6 of Article
15 XIII B of the California Constitution.

