

AMENDED IN SENATE MAY 28, 1999

AMENDED IN SENATE MAY 18, 1999

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 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.

The bill would require the Bureau of State Audits to conduct a performance and financial audit of the administration by the Department of Community Services and Development of existing federal programs and assessing the operational and fiscal capacity of the Department of Community Services and Development to assume the administration of specified low-income energy efficiency programs. The bill would require the bureau, on or before July 1, 2000, to prepare and submit to the Governor and the ~~Legislature~~ *chairs of specified legislative committees* a report of its audit findings. The bill would require the commission, if it requires low-income energy efficiency programs to be subject to competitive bidding, to consider as part of its bid

evaluation criteria both cost-of-service and quality-of-service criteria. The bill would authorize the commission to modify its existing policies and procedures, and the entities with which it contracts, with regard to low-income energy efficiency programs, based on public input from a variety of sources, including, but not limited to, representatives from low-income communities. The bill would make related 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~~—no. 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.

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

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

15 (4) The Deaf and Disabled Telecommunications
16 Program Administrative Committee Fund.

17 (5) The Payphone Service Providers Committee
18 Fund.

19 (6) The California Teleconnect Fund Administrative
20 Committee Fund.

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

3 (c) Moneys in each fund may not be appropriated, or
4 in any other manner transferred or otherwise diverted,
5 to any other fund or entity.

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

8 (a) The commission shall establish the number of, and
9 qualifications for, persons to serve as members of each
10 board, and shall appoint the members of each board. In
11 determining the qualifications of persons who will serve
12 as members of each board, the commission shall consider
13 the purpose of the program, and shall attempt to achieve
14 balanced public participation, for each board. The
15 membership of each board shall reflect, to the extent
16 possible, and consistent with existing law, the ethnic and
17 gender diversity of the state.

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

21 (c) A majority of the number of members of each
22 board constitutes a quorum.

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

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

28 (f) The commission shall determine for each board
29 whether the board members shall receive expense
30 reimbursement pursuant to Section 19820 of the
31 Government Code and a per diem allowance, as specified
32 in Section 11564.5 of the Government Code, or as
33 established by the commission. Each member of a board
34 who is not a commission or public utility employee, or
35 who is not otherwise compensated by an employer for
36 service on the board, shall be entitled to make a claim for
37 and to receive a per diem allowance, if authorized by the
38 commission. Each member of a board who is not a public
39 utility employee, or who is not otherwise reimbursed by
40 an employer for expenses incurred when serving on the

1 board, shall be entitled to make a claim for and to receive
2 expense reimbursement, if authorized by the
3 commission. The commission shall allow all reasonable
4 expense and per diem claims. The payments in each
5 instance shall be made only from the fund that supports
6 the activities of the board and shall be subject to the
7 availability of money in that fund. The claims shall be filed
8 by the board with the commission.

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

11 (a) Submit an annual budget to the commission.
12 Within 90 calendar days after receiving a board's annual
13 budget, the commission shall either accept, accept with
14 conditions, or reject the submitted budget.

15 (b) Notwithstanding Section 7550.5 of the
16 Government Code, submit, in accordance with
17 procedures established by the commission, a report that
18 shall describe the activities of the board during the prior
19 reporting period. The report shall be submitted on an
20 annual or more frequent basis, as ordered by the
21 commission.

22 274. The commission may, whenever it determines it
23 to be necessary, conduct financial audits of the revenues
24 required to be collected and submitted to the commission
25 for each of the funds specified in Section 270. The
26 commission may, whenever it determines it to be
27 necessary, conduct compliance audits on the compliance
28 with commission orders with regard to each program
29 subject to this chapter. The commission shall conduct a
30 financial and compliance audit at least once every three
31 years. The first three-year period for a financial and
32 compliance audit commences on January 1, 2000. The
33 second and subsequent three-year periods for financial
34 audits commence three years after the completion of the
35 prior financial audit. The second and subsequent
36 three-year periods for compliance audits commence
37 three years after the completion of the prior compliance
38 audit. The commission may contract with the Bureau of
39 State Audits or the Department of Finance for all
40 necessary auditing services. All costs for audits shall be

1 paid from the fund that supports the activities of the
2 board audited and shall be subject to the availability of
3 money in that fund.

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

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

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

37 276. (a) There is hereby created the California
38 High-Cost Fund-B Administrative Committee, which is
39 an advisory board to advise the commission regarding the
40 development, implementation, and administration of a

1 program to provide for transfer payments to telephone
2 corporations providing local exchange services in
3 high-cost areas in the state to create fair and equitable
4 local rate structures, as provided for in Section 739.3, and
5 to carry out the program pursuant to the commission's
6 direction, control, and approval.

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

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

29 277. (a) There is hereby created the Universal
30 Lifeline Telephone Service Trust Administrative
31 Committee, which is an advisory board to advise the
32 commission regarding the development,
33 implementation, and administration of a program to
34 ensure lifeline telephone service is available to the people
35 of the state, as provided for in Article 8 (commencing
36 with Section 871) of Chapter 4 of Part 1 of Division 1, and
37 to carry out the program pursuant to the commission's
38 direction, control, and approval.

39 (b) All revenues collected by telephone corporations
40 in rates authorized by the commission to fund the

1 program specified in subdivision (a) shall be submitted to
2 the commission pursuant to a schedule established by the
3 commission. The commission shall transfer the moneys
4 received to the Controller for deposit in the Universal
5 Lifeline Telephone Service Trust Administrative
6 Committee Fund. All interest earned by moneys in the
7 fund shall be deposited in the fund. Any unexpended
8 revenues collected prior to the operative date of this
9 section shall be submitted to the commission, and the
10 commission shall transfer those moneys to the Controller
11 for deposit in the Universal Lifeline Telephone Service
12 Trust Administrative Committee Fund.

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

22 278. (a) (1) There is hereby created the Deaf and
23 Disabled Telecommunications Program Administrative
24 Committee, which is an advisory board to advise the
25 commission regarding the development,
26 implementation, and administration of programs to
27 provide specified telecommunications services and
28 equipment to persons in this state who are deaf or
29 disabled, as provided for in Sections 2881, 2881.1, and
30 2881.2, and to carry out the programs pursuant to the
31 commission's direction, control, and approval.

32 (2) *In addition to the membership qualifications*
33 *established by the commission pursuant to subdivision*
34 *(a) of Section 271, the commission shall establish*
35 *qualifications for persons to serve as members of the Deaf*
36 *and Disabled Telecommunications Program*
37 *Administrative Committee to achieve appropriate*
38 *representation by the consumers of telecommunications*
39 *services for the deaf and disabled.*

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

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

31 279. (a) There is hereby created the Payphone
32 Service Providers Committee, which is an advisory board
33 to advise the commission regarding the development,
34 implementation, and administration of programs to
35 educate payphone service providers, ensure compliance
36 with the commission's requirements for payphone
37 operations, and educate consumers on matters related to
38 payphones, as provided for in commission Decision
39 90-06-018, and to provide for the placement of
40 telecommunications devices capable of servicing the

1 needs of the deaf or the hearing-impaired in existing
2 buildings and public accommodations, as specified in
3 subdivision (a) of Section 2881.2.

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

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

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

36 (b) All revenues collected by telephone corporations
37 in rates authorized by the commission to fund the
38 program specified in subdivision (a) shall be submitted to
39 the commission pursuant to a schedule established by the
40 commission. The commission shall transfer the moneys

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

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

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

21 SEC. 2. Section 381.5 is added to the Public Utilities
22 Code, to read:

23 381.5. It is the intent of the Legislature to do all of the
24 following:

25 (a) To protect and strengthen the current network of
26 community service providers by doing both of the
27 following:

28 (1) Establishing criteria for the selection of service
29 delivery providers that recognizes the value of local
30 public and private nonprofit organizations that have
31 established relationships with low-income communities
32 across the state.

33 (2) Directing any evaluation of the effectiveness of
34 low-income energy efficiency programs shall be based
35 not solely on cost criteria, but also on the degree to which
36 the provision of services allows maximum program
37 accessibility to quality programs to low-income
38 communities by agencies that have demonstrated
39 performance in effectively delivering services to those
40 communities.

(b) To determine the feasibility of transferring the administration of low-income energy efficiency programs to the Department of Community Services and Development, thereby preventing the creation of an additional administrative entity, which would contribute to the needless growth of government.

(c) To ensure that high quality low-income energy efficiency programs are delivered to the maximum number of eligible participants at the minimum cost.

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

382.5. (a) The Bureau of State Audits shall conduct a performance and financial audit of the Department of Community Services and Development, including both of the following:

(1) Evaluating the quality and efficiency of the administration by the Department of Community Services and Development of services presently delivered to low-income households using federal Low-Income Home Energy Assistance program funds or federal Department of Energy Low-Income Weatherization Assistance program funds. The evaluation shall include, but not be limited to, all of the following:

(A) The efficiency of program expenditures, including, but not limited to, an assessment of administrative costs.

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

(C) An assessment of the ratio of services delivered to the population of those persons eligible to receive services, including, but not limited to, an assessment of barriers to the receipt of service under the federal Low-Income Home Energy Assistance program or federal Department of Energy Low-Income Weatherization Assistance program.

(2) Assessing the operational and fiscal capacity of the Department of Community Services and Development to assume the administration of the low-income energy efficiency programs, including, but not limited to,

1 weatherization, appliance repair and replacement,
2 energy education, and the California Alternative Rates
3 for Energy Program.

4 (b) Notwithstanding Section 7550.5 of the
5 Government Code, on or before July 1, 2000, the Bureau
6 of State Audits shall prepare and submit to the Governor
7 and the ~~Legislature~~ *Chairs of the Senate Committee on*
8 *Energy, Utilities, and Communications, the Assembly*
9 *Committee on Utilities and Commerce, and the Senate*
10 *and Assembly Appropriations Committees*, a report of its
11 audit findings, including, but not limited to,
12 recommendations on the feasibility of transferring the
13 low-income energy efficiency programs to the
14 Department of Community Services and Development.

15 SEC. 4. Section 382.7 is added to the Public Utilities
16 Code, to read:

17 382.7. (a) If the commission requires low-income
18 energy efficiency programs to be subject to competitive
19 bidding, the commission as part of its bid evaluation
20 criteria, shall consider both cost-of-service and
21 quality-of-service criteria. The quality-of-service criteria
22 shall include a recognition of an entity's experience and
23 effectiveness in doing similar work, its knowledge of the
24 targeted communities, and its ability to reach the
25 targeted communities.

26 (b) The commission may modify its existing policies
27 and procedures, and the entities with which it contracts,
28 with regard to low-income energy efficiency programs,
29 based on public input from a variety of sources, including,
30 but not limited to, representatives from low-income
31 communities.

32 SEC. 5. No reimbursement is required by this act
33 pursuant to Section 6 of Article XIII B of the California
34 Constitution because the only costs that may be incurred
35 by a local agency or school district will be incurred
36 because this act creates a new crime or infraction,
37 eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section
39 17556 of the Government Code, or changes the definition

1 of a crime within the meaning of Section 6 of Article
2 XIII B of the California Constitution.

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