

STATE OF CALIFORNIA

Public Utilities Commission
San Francisco

M e m o r a n d u m

Date: May 14, 2002

To: The Commission
(Meeting of May 16, 2002)

From: Bill Julian
Office of Governmental Affairs (OGA) — Sacramento

Subject: **SB 1885 (Bowen)** – This bill adds Section 45.1 to the Public Utilities Code: “An electrical corporation shall, as part of its obligation to service, obtain adequate supplies of electricity to meet the needs of its customers” and makes findings that describe the basis for the codification of the energy supply element of the obligation to serve.

As Amended April 1, 2002

Recommendation: Support

Summary: This bill adds Section 45.1 to the Public Utilities Code: “An electrical corporation shall, as part of its obligation to service, obtain adequate supplies of electricity to meet the needs of its customers” and makes findings that describe the basis for the codification of the energy supply element of the obligation to serve.

Analysis: The California electricity crisis included as one of its dimensions the inability of some investor-owned utilities to acquire sufficient energy to serve their retail customers and the assumption by state government of this responsibility. This bill codifies the utility’s energy supply obligation and thereby confirms the responsibilities of both Commission and utility (Commission) to acquire energy to serve load.

State policymakers and utilities will have a more rigorous focus on preserving the ability and the responsibility of utilities to supply energy to their customers.

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Date: May 14, 2002

BILL LANGUAGE

BILL NUMBER: SB 1885 AMENDED
BILL TEXT

AMENDED IN SENATE APRIL 1, 2002

INTRODUCED BY Senator Bowen

FEBRUARY 22, 2002

An act to add ~~Article 9 (commencing with Section 640) to Chapter 3 of Part 1 of Division 1 of~~ Section 451.1 to the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

SB 1885, as amended, Bowen. Electrical corporations.

(1) Existing law, the Public Utilities Act, governs the rights and obligations of public utilities, including electrical corporations. The act requires that any service rendered by a public utility be just and reasonable. Under the act, every public utility is required to furnish and maintain adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, that are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

This bill would require an electrical corporation, as part of its obligation to serve, to obtain adequate supplies of electricity to meet the needs of its customers. Since a violation of the act is a crime under existing provisions of law, the bill would impose a state-mandated local program by expanding the definition of a crime.

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.

~~The Public Utilities Act governs the rights and obligations of public utilities and subjects them to regulation by the Public Utilities Commission.~~

~~This bill would declare the intent of the Legislature to reaffirm the obligation of electrical corporations to serve consumers.~~

Vote: majority. Appropriation: no. Fiscal committee:
~~no~~ yes . State-mandated local program:
~~no~~ yes .

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

~~SECTION 1. Article 9 (commencing with Section 640) is~~

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

(a) An electric utility is required to provide adequate, just, and reasonable service and facilities, including obtaining adequate

supplies of electricity for use by its customers, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

(b) Extraordinary increases in the wholesale cost of electricity prevented the state's two largest electric utilities from meeting their historic electric procurement obligation.

(c) To provide for the health, safety, and welfare of Californians, the Department of Water Resources was charged, through December 31, 2002, with obtaining adequate supplies of electricity.

(d) It is in the public's interest that the utilities resume the responsibility of obtaining adequate supplies of electricity as soon as possible.

SEC. 2. Section 451.1 is added to the Public Utilities Code, to read:

451.1. An electrical corporation shall, as part of its obligation to serve, obtain adequate supplies of electricity to meet the needs of its customers.

SEC. 3. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution. ~~added to Chapter 3 of Part 1 of Division 1 of the Public Utilities Code, to read:~~

~~Article 9. Rights and Responsibilities of Public Utilities~~

~~640. It is the intent of the Legislature to reaffirm the obligation of electrical corporations to serve consumers.~~