

2009 Legislative Summary



California Public Utilities Commission

Office of Governmental Affairs
November 2009

SUMMARY OF 2009 LEGISLATION

INTRODUCTION

This Summary of Legislation is intended to be a resource of 2009 legislation that either affects the California Public Utilities Commission (CPUC) or is of general concern to its Commissioners and employees. The summary is divided into the following sections:

- New Reporting Requirements (*new section*)*
- Summary of 2009 Legislation
- Index of Legislation Listed by Bill Number
- Civil Code Sections Affected
- Government Code Sections Affected
- Health and Safety Code Sections Affected
- Public Resources Code Sections Affected
- Public Utilities Code Sections Affected
- Water Code Sections Affected
- Veto/Died in Committee Measures

*This year, the Office of Governmental Affairs has added a new section entitled, “New Reporting Requirements,” which lists the measures that require the CPUC to prepare and submit reports to the Legislature and/or the Governor (see page 5).

Weblink Information: To access a bill’s history, text information and veto message, hold down the “Control” key and click on the bill number. It will take you to the legislative website: (www.leginfo.ca.gov/billinfo.html). Enter the bill number in the “Search” box to access bill text, analyses and history. If you want to access the Veto Message directly, hold down the “Control” key and click “Veto Message.”

If you would like additional information on these measures or any other legislation, please contact the Office of Governmental Affairs at 770 L Street, Suite 1050, Sacramento, California 95814 or call (916) 327-3277.

SUMMARY OF 2009 STATE LEGISLATION

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REPORTING REQUIREMENTS

(CPUC Reports to the Legislature and/or the Governor)

- **AB 758** (Skinner, Chapter 470, Statutes of 2009) – Modifies the CPUC’s existing triennial energy efficiency report to the Legislature (PU Code Section 384.2) to include an assessment of each electrical corporation’s and each gas corporation’s implementation of the program developed pursuant to Section 25943 of the Public Resources Code. The comprehensive program may include, but need not be limited to, a broad range of energy assessments, building benchmarking, energy rating, cost-effective energy efficiency improvements, public and private sector energy efficiency financing options, public outreach and education efforts, and green workforce training. *This report is due triennially after July 15, 2009.*
- **AB 1318** (Perez, V., Chapter #285, Statutes of 2009) – Creates new reporting requirement in Health & Safety Code Section 39619.8 that requires the California State Air Resources Board, in consultation with the CPUC, the California Energy Commission, the State Water Resources Control Board, and the California Independent System Operator to prepare and submit to the Governor and the Legislature a report that evaluates the electrical system reliability needs of the South Coast Air Basin *on or before July 1, 2010.*
- **SB 17** (Padilla, Chapter # 327, Statutes of 2009) – Creates new reporting requirement in PU Code Section 8367 that requires the CPUC to submit a report to the Governor and the Legislature on the commission's recommendations for a smart grid, the plans and deployment of smart grid technologies by the state's electrical corporations, and the costs and benefits to ratepayers *by January 1, 2011, and by January 1 of each year thereafter.*
- **SB 695** (Kehoe, Chapter #337, Statutes of 2009) – Creates a new permissive reporting requirement in PU Code section 365.1(e) in which the CPUC may report to the Legislature on the efficacy of authorizing individual retail end-use residential customers to enter into direct transactions, including appropriate consumer protections. *No due date.*

Modifies existing reporting due date in PU Code section 747: *report date changed from February annually to April 1 annually.*

Creates a new reporting requirement in PU Code section 748 that requires the CPUC to submit a report to the Governor recommending how to limit utility costs and rate increases, among other things *by May 1 annually.*

- **AB 1551** (Assembly Utilities & Commerce Committee , Chapter #336, Statutes of 2009) –This Committee bill would have modified existing PU Code section 747 to *change the report due date from February annually to May 31 annually.* However, AB 1551's changes to PU Code section 747 were "chapters out" or nullified by the Governor signing SB 695 after AB 1551.
- **Supplemental Report Language for the 2009-10 Budget Package: Budget Item 8660–001–0462:** Requires the California Public Utilities Commission to report to the Joint Legislative Budget Committee and to the relevant Legislative policy committees the following information on Federal Energy Regulatory Commission docket, EL02-60 CPUC v. Sellers of Long-term Contracts and related appellate proceedings:
 - a) The hourly rate paid to legal and economic consultants,
 - b) The number of hours billed by the legal and economic consultants to the CPUC, and
 - c) The work products contributed to by the legal and economic consultants that have been made public.

SUMMARY OF ENACTED LEGISLATION

I. BUDGET

- [SBx3 1](#) Chapter #1 (Senate Budget & Fiscal Review Committee/Ducheny) Budget Act of 2009.
CPUC Position: None.
Summary: This is the 2009-10 Budget Act (introduced in the Legislature 3rd Extraordinary Session), which set the appropriations for state agencies, including the appropriations to the CPUC (Budget Item 8660-001-0001 to 8660-011-0462), for the 16-month period of March 2009 through June 2010.
- [ABx4 1](#) Chapter #1 (Assembly Budget Committee/Evans) Budget Act of 2009.
CPUC Position: None.
Summary: This bill supplements the 2009-10 State Budget (adopted in February 2009), which revises the appropriations for state agencies, including the appropriations to the CPUC (Budget Item 8660-001-0462).

II. ENERGY

- [AB 45](#) Chapter #404 (Blakeslee) Distributed generation: small wind energy systems.
CPUC Position: None.
Summary: This bill authorizes local governments to provide, by ordinance, for the installation of small wind energy systems and requires local governments that have not provided such authorization by a specified date to approve applications for small wind energy systems by right if certain conditions are met by the applicants.
Purpose: The purpose of the bill is to streamline the current permitting process for small wind installation.
Code Section: Government Code Sections 65892.13, 65893 and 65895.
- [AB 162](#) Chapter #313 (Blakeslee) Disclosure of Sources of Electrical Generation.
CPUC Position: None.
Summary: This bill changes and consolidates certain reporting requirements for publicly-owned utilities (POUs). The bill requires every electricity retailer in California to disclose its electricity sources to end-use customers annually instead of quarterly and modifies the information included in the report. AB 162 also stipulates that compliance by a POU with the reporting requirement constitutes compliance with reporting requirements to the California Energy Commission for the renewable portfolio standard.
Purpose: The purpose of the bill is to streamline the current reporting process for POUs.
Code Section: Public Utilities Code Sections 398.2, 398.4, and 398.5.
- [AB 521](#) Chapter #448 (De La Torre) Utility Property: Leases for Park Purposes.
CPUC Position: None.
Summary: This bill requires the CPUC to consider community benefits when evaluating lease proposals for property owned by a utility.
Purpose: According to the author, this bill will facilitate the development of much-needed parks and open spaces in dense urban areas.
Code Section: Public Utilities Code Section 857.

- [AB 698](#) Chapter #370 (Skinner) Utility Property.**
CPUC Position: Support (June 4, 2009).
Summary: This bill expedites the CPUC's approval process for the sale, lease, and other encumbrance or disposition of utility property for transactions valued under \$5,000,000 and not contested by any party.
Purpose: The sponsor of this bill, PG&E, will be submitting a large number (potentially hundreds) of applications for conservation easements on its watershed lands to fulfill its bankruptcy settlement. PG&E is concerned that these applications, which it expects to be non-controversial, will suffer significant delays if a vote of the CPUC is required for each one. This bill allows the CPUC greater flexibility to grant streamlined approvals resulting in more timely approvals, potential cost reductions and administrative efficiency.
Code Section: Public Utilities Code Sections 851 and 853.
- [AB 758](#) Chapter #470 (Skinner) Energy: energy audit.**
CPUC Position: Oppose unless amended (May 21, 2009); Neutral due to amendments (August 12, 2009).
Summary: This bill requires the California Energy Commission (CEC), by March 1, 2010, to open a proceeding to develop a comprehensive energy efficiency program, which may include energy audits, for existing residential and nonresidential building stock that falls significantly below current Title 24 building standards. This bill would also require the CPUC, by March 1, 2010, to open a proceeding to investigate the ability of each electrical and gas corporation to provide various energy efficiency financing options to their customers for the purposes of implementing the program. Further, as part of the CPUC's triennial energy efficiency report to the Legislature, this bill would require the CPUC to provide an assessment of each utility's implementation of the CEC's energy efficiency program. Finally, the CEC would be required to fund its activities from the American Recovery and Reinvestment Act of 2009 or other non-state funds.
Purpose: The intent of this bill is to capture energy savings in existing buildings statewide.
Code Section: Public Resources Code 25943 and Public Utilities Code Sections 381.2 and 385.2.
- [AB 906](#) Chapter #488 (Hill) Conflict of Interest: Remote Interest in a Contract.**
CPUC Position: None.
Summary: This bill revises the definition of "remote interest" in the existing conflict of interest statute pertaining to government officials in order to allow a government entity to enter into a contract with an investor-owned utility, if the purpose of the contract is to provide energy efficiency.
Purpose: The bill provides legislative clarification that participation in an energy efficiency program, which serves a statewide policy interest in energy conservation, should not be barred solely because a government official may have been an employee of the utility company, so long as the conditions outlined in this bill are met.
Code Section: Government Code Section 1091.

- **[AB 920](#) Chapter #376 (Huffman)** Solar and wind distributed generation.
CPUC Position: Oppose unless amended (May 7, 2009).
Summary: This bill expands the current net-metering programs for wind and solar to allow the net-metered customers to sell any excess electricity they produce over the course of a year to their electric utility.
Purpose: The author believes this will encourage homeowners and businesses to conserve more electricity and thus have more surplus power they can sell to the grid. This will also encourage the deployment of solar throughout the state.
Code Section: Public Utilities Code Section 2827.
- **[AB 1031](#) Chapter #380 (Blumenfield)** Renewable energy resources.
CPUC Position: Oppose (May 7, 2009); Neutral due to amendments (August 24, 2009).
Summary: This bill includes college campuses in the program that allows local governments to generate renewable energy at one facility and credit excess generation to the electricity consumption at their other facilities.
Purpose: According to the author, the purpose of this bill is to help reduce barriers to placing renewable energy systems on schools and other public entities.
Code Section: Public Utilities Code Section 2830.
- **[AB 1110](#) Chapter #508 (Fuentes)** Advanced Distributed Generation.
CPUC Position: Oppose unless amended (May 5, 2009); Neutral due to amendments (July 15, 2009).
Summary: This bill defines a new class of distributed generation as “advanced electrical distributed generation” (AEDG) under certain conditions. This bill would also extend preferential natural gas rates established for cogeneration technologies to AEDG. Further, this bill would sunset on January 1, 2014.
Purpose: The purpose of this bill is to ensure that distributed generation technologies that provide higher carbon reductions than standard cogeneration facilities are not put at a disadvantage.
Code Section: Public Utilities Code Section 379.8.
- **[AB 1318](#) Chapter #285 (V. Manuel Perez)** South Coast Air Quality Management District: air credits.
CPUC Position: None.
Summary: This bill provides a limited California Environmental Quality Act exemption to allow the South Coast Air Quality Management District to issue permits for the proposed Sentinel Power Plant. This bill would also require the California Air Resources Board, on or before July 1, 2010, in consultation with the CPUC, the California Energy Commission, the State Water Resources Control Board, and the California Independent System Operator, to submit a report to the Governor and Legislature that evaluates the system reliability needs of the South Coast Air Basin. This bill would sunset on January 1, 2012.
Purpose: The intent of this measure is to authorize the Sentinel Power Plant development.
Code Section: Health and Safety Code Sections 39619.8 and 40440.14; Public Resources Code Section 21080.
- **[AB 1351](#) Chapter #525 (Blakeslee)** Renewable Energy Resources.
CPUC Position: None.
Summary: This bill clarifies that multi-jurisdictional utilities serving electric customers in multiple states and outside the jurisdiction of the State Water Resources Control Board, may count efficiency improvements at their existing out-of-state facilities towards their RPS requirements if they receive Clean Water Act certification by the appropriate state agency or board in the state where the facility is located.

Purpose: According to the author, the purpose of this bill is to remedy a drafting error from AB 809 (Blakeslee), Chapter 684, Statute of 2007. AB 1351 clarifies that the Clean Water Act certification, which is required under AB 809, does not have to come specifically from the SWRCB, but can come from the state agency authorized to certify under the Clean Water Act.

Code Section: Public Utilities Code Section 399.12.5.

- **[AB 1551](#) Chapter #336 (Assembly Utilities & Commerce Committee) Code clean-up.**
CPUC Position: None.
Summary: This Committee bill clarifies that the California Solar Initiative (CSI) low-income incentive payments, administered through the Single Affordable Solar Homes Program, are made available to owner-occupied, deed restricted, single-family housing in addition to rental units. This bill would have changed the reporting date requirement by the CPUC regarding the programs and activities conducted by electrical and gas corporations from February 1 to May 31 of each year, but that provision was chaptered out by SB 695. This bill provides that a fuel cell electrical generating facility will not be eligible for participation in the net metering tariff established as law unless it starts before January 1, 2014 rather than January 1, 2010. AB 1551 corrects language that restricted the size of all projects financed by the California Alternative Energy and Advanced Transportation Financing Authority (Financing Authority) when the language was intended to only apply to energy generation projects that are implemented under power purchase agreements. This bill took effect immediately.
Purpose: This bill makes technical changes to ensure continued and effective operation of programs administered by the Financing Authority and the CPUC.
Code Section: Public Resources Code Sections 26003 and 26011; Public Utilities Code Sections 747, 2827.10, and 2852.
- **[SB 17](#) Chapter # 327 (Padilla) Electricity: smart grid systems.**
CPUC Position: Support with amendments (April 16, 2009).
Summary: This bill establishes the smart grid policy of the state and requires the CPUC to determine the requirements for a smart grid deployment plan no later than July 1, 2011.
Purpose: According to the author, this bill is intended to help electrical utilities manage their electricity usage, deliver more efficient, reliable, and secure energy by allowing utilities to monitor and diagnose problems in real time throughout the grid while also reducing greenhouse gas emissions.
Code Section: Public Utilities Code Section 8360.
- **[SB 32](#) Chapter #328 (Negrete McLeod) Renewable electric generation facilities.**
CPUC Position: Support if amended (May 21, 2009).
Summary: This bill modifies the existing feed-in tariff (FIT) program established in Public Utilities Code 399.20 to raise the applicable facility size of the program from 1.5 MW to 3 MW and to allow the CPUC to adjust the price for "any other attributes of renewable generation" and shall include "current and anticipated environmental compliance costs". The bill would require that publicly-owned utilities with 75,000 or more customers to offer this tariff. This bill raises the current 500 MW statewide cap to 750 MW, in order to accommodate the POU's inclusion in the program.
Purpose: According to the author, the purpose of this bill is to ensure that renewables are properly valued for their locations' benefits, time-of-delivery attributes, and furtherance of the goals of the RPS.
Code Section: Public Utilities Code Sections 387.6 and 399.20.
- **[SB 176](#) Chapter #36 (Simitian) Electricity: charges: charitable organizations.**
CPUC Position: None.
Summary: This bill extends the sunset date from January 1, 2010, to January 1, 2015, on an existing program that creates an exception to the suspension of direct access, by allowing nonprofit, 501(c) (3) charities that primarily serve the elderly and poor to receive donated electricity from an electric

service provider. The nonprofit is required to continue to pay all other non-commodity charges on its bill from the investor-owned utility.

Purpose: According to the author, the purpose of the bill is to allow a program to continue whereby charities receiving free electricity will continue to uphold their obligation to pay for the cost of delivering the electricity to their organizations.

Code Section: Public Utilities Code Section 395.5.

- **[SB 412](#) Chapter #182 (Kehoe) Electricity: self-generation incentive program.**

CPUC Position: Support (May 7, 2009).

Summary: This bill amends the existing Self-Generation Incentive Program (SGIP), a program established to reduce peak load and incentivize new and emerging technologies to give the CPUC authority to determine eligible technologies for SGIP based on greenhouse gas (GHG) emissions pursuant to AB 32 (Pavley, 2006), the California Global Warming Solutions Act of 2006. This bill extends the sunset date of the SGIP Program through January 1, 2013 and the CPUC's expenditure authority for the program through January 1, 2016.

Purpose: According to the author, this bill is intended to stimulate the installation of distributed generation as part of a broader effort to quickly increase the supply of electricity in California. Because current law specifies technologies eligible to receive SGIP assistance, the CPUC cannot independently extend SGIP or expand the list of eligible resources without explicit legislative authority. This bill gives the CPUC discretion to authorize subsidies for technologies it determines support the state's greenhouse gas emission reduction goals.

Code Section: Public Utilities Code Section 379.6.

- **[SB 488](#) Chapter #352 (Pavley) Electricity: comparative energy usage disclosure.**

CPUC Position: None.

Summary: This bill requires investor-owned utilities with comparative energy usage disclosure programs to report to the CPUC by March 15, 2010, or within 90 days of having collected one year's worth of data, and annually thereafter until March 15, 2014, on the nature of the program. This bill would also require the CPUC to report its data findings to the CEC and the Legislature. Publicly-owned utilities would be required to provide similar data to the CEC. Finally, this bill would become inoperative on July 1, 2015.

Purpose: The intent of this bill is to compile comparative energy usage program data and to determine if such a program should be expanded on a statewide basis.

Code Section: Public Resources Code Section 25310 and Public Utilities Code Sections 715 and 9615.5.

- **[SB 581](#) Chapter #598 (Leno) Hetch Hetchy Water and Power.**

CPUC Position: None.

Summary: This bill allows the San Francisco Public Utilities Commission (SFPUC) to designate all renewable electric generation facilities, not just solar, to be eligible for a unique net energy metering arrangement where Pacific Gas & Electric Company is required to take electricity from the generator and offset the City of San Francisco's (City) municipal load.

Purpose: According to the sponsor, the primary objective of this bill is to enable SFPUC to develop other forms of renewable energy that meet RPS standards.

Code Section: Public Utilities Code Section 2828.

- **[SB 626](#) Chapter #355 (Kehoe) Electrical infrastructure: plug-in hybrid and electric vehicles.**

CPUC Position: Support with amendments (May 21, 2009).

Summary: This bill requires the CPUC, in consultation with specified parties, to adopt rules by July 1, 2011, to evaluate policies to develop fueling infrastructure for plug-in hybrid and electric vehicles.

Purpose: The intent of this bill is to facilitate the deployment of plug-in hybrids and electric vehicles (PEVs), which would help reduce greenhouse gas emissions generated by the transportation sector.

Code Section: Public Utilities Code Section 740.2.

- [SB 695](#) Chapter #337 (Kehoe) Energy: rates.
CPUC Position: Oppose unless amended (May 7, 2009); Neutral due to amendments (August 24, 2009).
Summary: This bill makes several changes that affect electric rates, including codifying eligibility for the California Alternate Rates for Energy (CARE) program, barring mandatory dynamic pricing for residential electric customers, and lifting the current cap on some residential electricity rates. This bill would also modify low-income energy efficiency programs and relax some statutory constraints on existing direct access arrangements, while removing any Commission discretion on the complete reopening of direct access. This bill is an urgency measure that will take effect immediately upon the Governor's signature.
Purpose: The purpose of this bill is to lift some of the emergency measures imposed during the 2001 Energy Crisis in California in order to stabilize rates.
Code Section: Public Utilities Code Sections 327, 365.1, 382, 739.1, 739.9, 745, 747 & 748 and Water Code Section 80110.

III. PUBLIC UTILITIES

- [SB 120](#) Chapter #560 (Lowenthal) Residential: Utility Service.
CPUC Position: None.
Summary: This bill provides protections for tenants facing eviction or other adverse action resulting from a foreclosure. For the CPUC regulated entities, this bill extends current statutory protections for tenants of multi-family dwellings to tenants of single-family homes by requiring investor owned utilities and private water companies to notify tenants of a single-family home of an impending shut-off of utility service and allow them the opportunity to become customers in lieu of the delinquent owner.
Purpose: This bill, sponsored by the Western Center on Law and Poverty, seeks to address the negative impact of the foreclosure crisis on renters, who face constructive eviction when a bank cancels utility services to a house as a result of the property owner's nonpayment on his/her mortgage obligation.
Code Section: Civil Code Section 1942.2 and Public Utilities Code Sections 777, 777.1, 10009, 10009.1, 12822, 12822.1, 16481, and 16481.1.

IV. TELECOMMUNICATIONS

- [AB 1553](#) Chapter # 300 (Fuentes) Disabled and Deaf Telecommunications.
CPUC Position: None.
Summary: This bill extends the sunset date on the Deaf and Disabled Telecommunication Program (DDTP), which subsidizes the cost of telephone services and equipment for deaf and disabled customers, to January 1, 2014.
Purpose: The purpose of this bill is to ensure that members of the deaf and disabled community continue to have affordable access to modern forms of communication and remain eligible for discounted rates on equipment and services that are designed to assist them.
Code Section: Public Utilities Code Section 2881.
- [AB 1555](#) Chapter #24 (V. Manuel Perez) Telecommunications: California Advanced Services Fund.
CPUC Position: None.
Summary: This bill amended the California Advanced Services Fund (CASF) program to permit any eligible grants or loan programs under the federal American Recovery and Reinvestment Act of 2009 (ARRA) to apply to participate in the CASF program for the sole purpose of seeking funds to help meet the ARRA matching fund requirement. This bill took effect immediately.

Purpose: This bill would establish that for purposes of meeting the match requirements of the ARRA, any entity offering broadband service shall be eligible to apply to participate in the CASF.
Code Section: Public Utilities Code Section 281.

- **[ACR 37](#) Resolution Chapter #35 (Torres) California Public Safety Telecommunicators Week.**
CPUC Position: None.
Summary: This resolution memorializes the week beginning April 12, 2009 as California Public Safety Telecommunications Week.
Purpose: This bill honors over one-half million dedicated men and women engaged in the operation of emergency response systems for federal, state, and local governmental entities throughout the United States.
Code Section: Not applicable.

VI. TRANSPORTATION

- **[AB 636](#) Chapter #248 (Jones) Charter Party Carriers: Bus Drivers.**
CPUC Position: Support (May 7, 2008).
Summary: This bill requires the CPUC to permanently revoke a permit to operate as a charter-party carrier if: 1) the carrier operates a bus without Commission certification, 2) the carrier operates a bus that was suspended by the Commission for specified reasons, and 3) the carrier knowingly employs a driver who is not properly licensed and certified to operate a bus, or has one or more buses improperly registered with the Department of Motor Vehicles. This bill would also suspend unlicensed bus drivers for a period of five years.
Purpose: The intent of this bill is to create strong deterrents against rogue bus operations.
Code Section: Public Utilities Code Sections 5387 and 5387.3 and Vehicle Code Sections 1803, 13369 and 14602.9.
- **[AB 951](#) Chapter #263 (Liu) Charter Party Carriers.**
CPUC Position: Support (May 7, 2008).
Summary: This bill increases the levels of fines and penalties provided in various sections of the Passenger Charter-Party Carriers' Act.
Purpose: The intent of this bill is to implement stronger deterrents for charter party carriers that pose great harm to passengers by violating the law.
Code Section: Public Utilities Code Sections 5378, 5378.5, 5411, 5411.3, 5412, 5412.2, 5413, 5413.5, and 5414.
- **[SCR 10](#) Resolution Chapter #42 (Liu) Railroad Safety Month.**
CPUC Position: None.
Summary: This resolution designates September of each year as "Railroad Safety Month" in California. SCR 10 commends local, state, and federal government, industry, and citizen efforts to improve railroad crossing safety and support increased funding for rail safety; and strongly urges all Californians to be cautious and safe around all railroad tracks.
Purpose: The intent of this bill is to commemorate the Railroad operators, motor vehicle operators, and pedestrians who work together to reduce the likelihood of railroad-vehicle and railroad-pedestrian accidents in California.
Code Section: Not applicable.

V. WATER

- [AB 626](#) Chapter #367 (Eng) Bond revenues: integrated regional water management: grants.
CPUC Position: None.
Summary: This bill requires the Department of Water Resources (DWR) to achieve the 10% statewide allocation of Integrated Regional Water Management (IRWM) funding for disadvantaged communities within each region.
Purpose: This bill addresses the Section of SBx2 1 (Perata, Chapter 1, Statutes of 2008 Second Extraordinary Session), which applies to integrated regional water management plan fund allocations for disadvantaged communities.
Code Section: Government Code Section 65595.5 and Water Code Section 830002.
- [AB 975](#) Chapter #495 (Fong) Water corporations: water meters.
CPUC Position: Support (June 4, 2009).
Summary: This bill requires water corporations that have 500 or more service connections to meter new connections as of January 1, 2010, and to meter all unmetered connections by January 1, 2025. The bill would also require water corporations that have 500 service connections or less, to install water meters if the CPUC makes one of the following findings: 1) metering will be cost-effective within the service area; 2) metering will result in a reduction of water use within the service area; or 3) metering costs will not impose an unreasonable financial burden.
Purpose: The intent of this bill is to encourage water conservation and allow measurement of water usage.
Code Section: Public Utilities Code Sections 781 and 781.5 and Water Code Section 529.7.
- [AB 1438](#) Chapter #531 (Conway) Safe Drinking Water Revolving Fund.
CPUC Position: None.
Summary: This bill revises the requirements of the Safe Drinking Water State Revolving Fund (State Revolving Fund), including eliminating the \$1 million maximum amount of a grant award for single projects, and instead sets specific statutory caps for different types of grants.
Purpose: According to the sponsors of the bill (the California Rural Legal Assistance Foundation, Clean Water Action, and the Environmental Justice Coalition for Water), this bill seeks to provide updated authority to Department of Public Health on the administration and use of funds from the State Revolving Fund. Most notably to provide them the continuous authority to raise the grant cap for planning and construction projects through their administrative regulatory process.
Code Section: Health and Safety Code Sections 116760.20, 116760.40, and 116761.23.
- [SBx7 7](#) Chapter #4 (Steinberg) Water conservation.
CPUC Position: None.
Summary: This bill is one of several special session bills making up a comprehensive water deal: [SBx7 1](#), [SBx7 2](#), [SBx7 6](#) and [SBx7 8](#). This bill establishes a statewide water conservation program in a new "Sustainable Water Use and Demand Reduction" part in the Water Code (Part) and reauthorizes the Agricultural Water Management Planning Act. This bill requires the Department of Water Resources (DWR) to consult the CPUC, among others, on creating a standardized water use reporting form.
Purpose: The intent of this bill is to reduce urban per capita water use by 20 percent by 2020. This target is consistent with the Governor's February 2008 proposal.
Code Section: Water Code Sections 10608.32, 10608.52 and 10631.5.

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VETOED AND FAILED DEADLINE MEASURES

I. ENERGY

- [AB 21](#) (Krekorian) Renewable energy resources.

CPUC Position: None.

Vetoed by the Governor October 11, 2009.

Summary: This bill was a last minute clean-up bill to SB 14, and therefore contains much of the same content as SB 14. This bill would have moved the current Renewable Portfolio Standard (RPS) target of 20% by 2010 to 2013, and established new targets of 25% by 2016 and 33% by 2020. This bill would have also modified the CPUC's administration of the RPS program as follows: expanded the flexible compliance provisions for Investor Owned Utilities (IOUs) that are having difficulty procuring renewable energy due to project delays and lack of transmission lines; modified the market price referent to include an adder for anticipated environmental compliance costs; and changed the above market fund into a hard cost cap of 6% of an IOU's total 2008 bundled electric revenues. Finally, this bill would have modified the eligibility requirements for the state's RPS program, including substantially modifying the definition of delivery for purposes of counting out-of-state renewable resources.

Purpose: The intent of the bill was to correct Legislative Counsel's errors in amendments to proposed Public Utilities Code section 399.12 and 399.15 in SB 14. This bill would have replaced SB 62 if it had been signed.

Code Section: Public Utilities Code Sections 399.12 and 399.15.

Veto Message: The same as SB 14.

- [AB 42](#) (Blakeslee) Electricity: Pacific Gas and Electric Company: seismic fault.

CPUC Position: None.

Vetoed by the Governor October 11, 2009.

Summary: This bill would have required Pacific Gas & Electric (PG&E) to conduct seismic fault studies or surveys in areas at or near the Diablo Canyon Nuclear Power Plant (DCNPP). This bill would have also required the California Public Utilities Commission (CPUC) to allow PG&E to fully recover in its rates all reasonable costs associated with the studies or surveys. Further, this bill would have required the CPUC to issue a decision on PG&E's cost recovery application within 120 days once filed.

Purpose: The purpose of this bill is to ensure that the DCNPP is seismically safe.

Code Section: Public Utilities Code Section 565.

Veto Message: *This bill would require Pacific Gas & Electric Company (PG&E) to conduct seismic fault studies on the Diablo Canyon Nuclear Power Plant and the California Energy Commission, in consultation with the Department of Conservation's California Geological Survey and the Seismic Safety Commission, to perform a peer review of PG&E's work and include its finding in the Integrated Energy Policy Report.*

In 2006, I signed into law AB 1632 (Chapter 766, Statutes of 2006), which required the Energy Commission to conduct a comprehensive study of the seismic vulnerability of Diablo Canyon, as well as other areas including plant-aging related plant degradation, impacts of a major disruption, economic and environmental policy issues, nuclear waste accumulation, land use and economic implications of onsite nuclear waste storage, alternative power generation options, and license renewal issues. The study subsequently recommended that PG&E should use three-dimensional geophysical seismic reflection mapping and other advanced techniques to explore fault zones near Diablo Canyon.

In 2007, the California Public Utilities Commission (CPUC) issued a General Rate Case Decision for PG&E (Decision 07-03-044), which approved PG&E's request for ratepayer funding for a license renewable feasibility study for Diablo Canyon. The CPUC's Decision also required that PG&E incorporate the Energy Commission's AB 1632 assessments in its license renewable feasibility study, and submit the study, along with an application, to the CPUC on whether to pursue license renewal for Diablo Canyon no later than June 30, 2011.

Therefore, in light of the action already taken by the CPUC and the Energy Commission on this matter, further legislation authorization is unnecessary.

- **[AB 64 \(Krekorian\)](#)** Energy: renewable energy resources: generation and transmission.
CPUC Position: Oppose unless amended (February 20, 2009).
Vetoed by the Governor October 11, 2009.
Summary: This bill was carved out of SB 14 on September 10, 2009 in order for both Houses to have an equal share in Renewable Portfolio Standard (RPS) reform. AB 64 and SB 14, along with AB 21, comprise the final RPS bill package. This bill in particular would have advanced several transmission-related goals, including: efficient permitting of transmission needed to meet RPS goals; discretion for the CPUC to approve recovery in retail rates of certain “justified” transmission costs disallowed by Federal Energy Regulatory Commission (FERC); improved operational and planning coordination among California’s different transmission owners and operators; and efficient integration of renewable generation needed to reach the state’s 33% RPS goal by 2020.
Purpose: According to the author, advancing California’s RPS target to 33% by 2020 will result in: 1) a more diverse fuel portfolio, which will prevent California’s energy market from being gamed again and electricity rates from dramatically fluctuating with natural gas prices; 2) cleaner air; 3) a reduction in green house gas emissions; and 4) the creation of green jobs in California.
• **Code Section:** Fish and Game Code Section 705, Public Resources Code Section 25500.1 and Public Utilities Codes Sections 399.13, 399.14, 399.26, and 1005.1.
Veto Message: The same as SB 14.
- **[AB 958 \(Eng\)](#)** Design-build: Metropolitan Water District of Southern California: solar energy systems.
CPUC Position: None.
Vetoed by the Governor October 11, 2009.
Summary: This bill would have authorized the Metropolitan Water District of Southern California (MWDSC) to use a design-build procedure for contracts involving the design, construction, fabrication and installation of a solar energy system in excess of \$1 million.
Purpose: This bill would allow MWDSC to utilize the design-build method for its solar energy program, simultaneously allow an urgent project to move forward, and meet the requirements necessary to ensure public safety and oversight.
Code Section: Public Contract Code Section 21568.
Veto Message: *This bill authorizes the Metropolitan Water District of Southern California to use a design-build procedure for contracts involving the design, construction, fabrication, and installation of a solar energy system in excess of \$1 million.*

While I am a strong proponent of increasing our commitment to solar energy and the use of the design-build procedure for public projects, this bill contains reporting provisions not found elsewhere in existing design-build authorization.

At best these new provisions are unnecessary. But at worst, they upset the delicate balance of negotiations over the last few years on design-build procedures and set a new precedent for future design-build projects to include these provisions.

- **[AB 1173 \(Huffman\)](#)** Hazardous materials: fluorescent lamps: recycling.
CPUC Position: None.
Summary: This bill would have prohibited a manufacturer from using funds from energy distribution charges for the purchase and distribution of compact fluorescent lights (CFLs), unless the CFLs meet specified standards, including low levels of mercury, and the manufacturer has implemented a fluorescent lamp recycling program. This bill would have required a retailer who receives funds from energy distribution charges for a fluorescent lamp program to provide in-store collection opportunities for recycling fluorescent lamps. The bill would have prohibited the sale of new general purpose lighting fixtures that contain preheat ballasts for the operation of preheat linear fluorescent lamps on and after January 1, 2011.

Purpose: Californians Against Waste, the sponsor, asserts that AB 1173 is aimed at reducing mercury emissions from residential fluorescent lighting through market-based source reduction and recycling incentives. They contend that while the environmental benefits of using fluorescent lighting over incandescent lighting is clear, the current generation of fluorescent lighting contains mercury.

Code Section: Health and Safety Code Section 25210.9.

- **SB 14 (Simitian) Utilities:** renewable energy resources.
CPUC Position: Support if amended (April 16, 2009); Support removed due to the August 18th amendments.

Vetoed by the Governor October 11, 2009.

Summary: This bill would have been part of a Renewable Portfolio Standard (RPS) bill package comprised of SB 14, AB 64, and AB 21. This bill would have moved the current Renewable Portfolio Standard (RPS) target of 20% by 2010 to 2013, and established new targets of 25% by 2016 and 33% by 2020. This bill would have also modified the California Energy Commission and CPUC's administration of the Renewable Portfolio Standard program for publicly owned utilities and investor owned utilities respectively. This bill would have modified the eligibility requirements for the state's RPS program, including substantially modifying the definition of delivery for purposes of counting out-of-state renewable resources. This bill would have established a cap for the use of Renewable Energy Credits from otherwise ineligible out-of-state renewable resources. Finally, this bill would have required the CPUC to report to the Legislature on the progress of the RPS program.

Purpose: According to the author, advancing California's RPS target to 33% by 2020 will result in: 1) a more diverse fuel portfolio, which will prevent California's energy market from being gamed again and electricity rates from dramatically fluctuating with natural gas prices; 2) cleaner air; 3) a reduction in green house gas emissions; and 4) the creation of green jobs in California.

Code Section: Public Resources Code Sections 25740, 25741 and 25741.5 and Public Utilities Code Sections 387, 399.11, 399.12, 399.13, 399.15, 399.16 and 399.17, 399.18, 399.30, and 399.31

Veto Message: *I support the intent of this and other measures to increase California's Renewable Portfolio Standard (RPS) target to 33% by 2020. However, as drafted this measure would make it more difficult and costly to achieve this very important goal.*

As a world leader in climate change and renewable energy development, California needs a regional approach that provides streamlined regulatory processes and compliance flexibility that facilitate the timely construction of in-state resources. This legislative package does the opposite adds new regulatory hurdles to permitting renewable resources in the state, at the same time limiting the importation of cost-effective renewable energy from other states in the West.

On November 17, 2008, I issued Executive Order S-14-08, which sets a target that all retail sellers of electricity shall serve 33% of their load with renewable energy by 2020.

On September 15, 2009, in order to keep us moving forward, I directed California Air Resources Board (CARB), in Executive Order S-21-09, to adopt regulations that increase procurement of renewable resources in furtherance of the Global Warming Solutions Act of 2006 (AB 32, Statutes of 2006) and its emission reduction goals.

The CARB's scoping document for the Global Warming Solutions Act of 2006 determined that achieving 33% RPS is a critical component in the fight against global warming. I expect CARB to complete the regulations implementing the 33% RPS by the fall of 2010.

I remain ready to sign legislation that codifies a workable 33% RPS mandate. California has a rare opportunity to champion the development of renewable energy and reduce greenhouse gas emissions in-state and beyond. We must seize the chance to lay the foundation for a regional effort that optimizes resources throughout the West at a lower cost to ratepayers.

- [SB 62](#) (Simitian) Renewable Energy Resources.
CPUC Position: None.
Vetoed by the Governor October 11, 2009.
Summary: This bill was a last minute clean-up bill to SB 14, and therefore contains much of the same content as SB 14. This bill would have moved the current Renewable Portfolio Standard (RPS) target of 20% by 2010 to 2013, and establish new targets of 25% by 2016 and 33% by 2020. This bill would have also modified the CPUC's administration of the RPS program as follows: expand the flexible compliance provisions for Investor Owned Utilities that are having difficulty procuring renewable energy due to project delays and lack of transmission lines; modify the market price referent to include an adder for anticipated environmental compliance costs; and change the above market fund into a hard cost cap of 6% of an IOU's total 2008 bundled electric revenues.
Purpose: The intent of this bill was to correct Legislative Counsel errors in amendments to proposed Public Utilities Code section 399.15 in SB 14. It would have been superseded by AB 21 if signed.
Code Section: Public Utilities Code Section 399.15.
Veto Message: The same as SB 14.

II. GREEN JOBS

- [AB 3](#) (V. Manuel Perez) Workforce Development: Renewable Energy.
CPUC Position: None.
Vetoed by the Governor October 11, 2009.
Summary: This bill would have required the state Workforce Investment Board to establish a Renewable Energy Workforce Readiness Initiative to ensure green collar career placement and advancement opportunities within the renewable energy manufacturing, construction, installation, maintenance, and operation sectors and to provide guidance to local workforce investment boards on assessment, training, and placement programs.
Purpose: The purpose of this bill is to ensure green collar career placement and advancement opportunities within California's renewable energy generation, manufacturing, construction, installation, maintenance, and operation sectors.
Code Section: Unemployment Insurance Code Sections 14013.5, 14202, 14203, 14204, 14205, 14221 and 14230.
Veto Message: *I fully support the intent of Assembly Bill 3 to train low-income workers, people adversely impacted by the recent historic recession, and disadvantaged members of our population for good paying occupations in the California emerging green economy. My Administration is currently working with the California Workforce Investment Board and its Green Collar Jobs Council (Council) toward these ends. At my direction, the Council's membership includes key stakeholders from education, labor, state agencies, private industry, economic development and philanthropic entities. I believe it is unnecessary to legislatively establish additional mandates on existing efforts to accomplish these objectives.*

III. WATER

- [AB 1242](#) (Ruskin) State Water Policy.
CPUC Position: None.
Vetoed by the Governor October 11, 2009.
Summary: This bill would have established a human right to clean, affordable and accessible water for the health and well-being of the individual and family.
Purpose: This bill would have clarified a long-established state policy favoring domestic use ahead of irrigation needs for water.
Code Section: Not applicable.
Veto Message: *This bill would declare it to be the established policy of the State that every human being has the right to clean, affordable, and accessible water for human consumption.*

Existing law establishes that domestic water use has the highest priority over other water uses. When California's water laws were established in 1943, this policy was enshrined in law.

I wholeheartedly support the underlying premise of this bill: We should be doing everything we can to ensure that our communities have access to clean, affordable water for our citizens. But the language of this bill will undoubtedly lead to potentially costly and constant litigation. This moves our limited state resources away from the day to day operations of achieving our clean water goals and puts them in the courtroom.

Additionally, while providing safe drinking water is fundamental to our laws and to human health, this bill would not enhance our current efforts in achieving this goal. The State Water Resources Control Board, the California Department of Public Health, and the Department of Water Resources are actively awarding grant funds and implementing policies and programs to protect and improve the long-term quality of drinking water supplies. Our most pressing barrier in achieving this goal is not desire, it is funding.

For this reason, I am signing AB 626 (Eng) and AB 1438 (Conway). AB 626 makes important changes to existing law that increase funding from Proposition 84 for disadvantaged communities in each hydrologic region in the state. AB 1438 modifies the Safe Drinking Water State Revolving Fund to provide more resources to water system operators serving disadvantaged communities that often lack the resources for vital, costly water system improvements. I believe these bills will provide some additional needed tools to achieve the well-intended purpose of this measure.

The need for additional funding also places heightened importance on the need for a water infrastructure bond that includes a robust investment in increasing water quality and water supply reliability.

PENDING LEGISLATION		
(2-YR Bills)		
Bill No.	Author	Topic
AB 44	Blakeslee	Energy Storage Facilities
AB 49	Feuer	Water conservation: urban and agricultural water management planning
AB 51	Blakeslee	Electrical Corporation Energy Efficiency Program
AB 413	Fuentes	Energy: rates.
AB 560	Skinner	Net energy metering
AB 709	Lieu	Charter-Party Carriers of Passengers
AB 1016	Villines	Energy Agency Reorganization
AB 1023	Ruskin	Renewable Energy Resources
AB 1027	Blumenfield	Solar Energy
AB 1106	Fuentes	Renewable electric generation facilities: feed-in tariffs
AB 1108	Fuentes	Electric and gas utility service: master-meter customers.
AB 1283	Smyth	Public Utilities Commission: Pending Legislation
AB 1305	Perez, V.	Air Pollution: Imported Electricity: Mitigation Fee
AB 1315	Ruskin	Public Utilities Commission
AB 1316	Ma	Public Utilities: Low-Income Customers
AB 1348	Blakeslee	Electrical Corporation Procurement of Electricity
AB 1375	Galgiani	High-speed Rail
AB 1528	Ruskin	Telecommunications: Lifeline Service Rates
AB 1530	Skinner	Greenhouse Gas Emission Reduction Measures
AB 1536	Blakeslee	Distributed Energy Resources Incentive Program
SB 7	Wiggins	Renewable Energy Resources: net metering
SB 31	Pavley	Global Warming Solutions Act.
SB 42	Corbett	Coastal Resources: Once Through Cooling
SB 354	Wright	State Board of Equalization: Local Tax Revenues: Video
SB 409	Ducheny	Department of Railroads
SB 437	Pavley	Unlisted Telephone Numbers
SB 523	Pavley	Solar Feed-In Tariffs Pilot Program
SB 542	Wiggins	Solar energy and energy efficiency programs
SB 696	Wright	South Coast Air Quality Management District: CEQA
SB 721	Steinberg	Greenhouse Gas Emissions
SB 805	Wright	Renewable Energy Sources: Procurement
SB 806	Wiggins	Electrical Corporation Energy Efficiency Programs.

***The bill weblink will take you to the following legislative website:**

<http://leginfo.ca.gov/bilinfo.html>

Type in the bill number and hit “Enter to access the bill text.”

CIVIL CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
1942.2		SB 120	Add

GOVERNMENT CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
1091	AB 906		Amend
65595.5	AB 626		Add & Repeal
65892.13	AB 45		Add & Repeal
65893	AB 45		Add & Repeal
65895	AB 45		Add & Repeal

HEALTH & SAFETY CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
39619.8	AB 1318		Add
40440.13		SB 827	Add & Repeal
40440.14	AB 1318		Add & Repeal
116760.20	AB 1438		Amend
116760.40	AB 1438		Amend
116761.23	AB 1438		Amend

PUBLIC RESOURCES CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
21080	AB 1318		Amend
25310		SB 488	Amend
25943	AB 758		Add
26003	AB 1551		Amend
26011	AB 1551		Amend

PUBLIC UTILITIES CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
281	AB 1555		Amend
327		SB 695	Amend
365.1		SB 695	Add
379.6		SB 412	Amend
379.8	AB 1110		Add
381.2	AB 758		Add
382		SB 695	Amend
385.2	AB 758		Add
387.6		SB 32	Add
395.5		SB 176	Amend
398.2	AB 162		Amend
398.4	AB 162		Amend
398.5	AB 162		Amend
399.20		SB 32	Amend
715		SB 488	Add & Repeal
739.1		SB 695	Amend
739.9		SB 695	Add
740.2		SB 626	Add
745		SB 695	Add
747	AB 1551		Amend
747		SB 695	Amend
748		SB 695	Add
777		SB 120	Add & Repeal
777.1		SB 120	Amend
781	AB 975		Add & Repeal

	PUBLIC UTILITIES CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION		
Code Section	Assembly	Senate	Final Action
781.5	AB 975		Add
857	AB 521		Add
851	AB 698		Amend
853	AB 698		Amend
2827	AB 920		Amend
2827.10	AB 1551		Amend
2828		SB 581	Amend
2830	AB 1031		Amend
2852	AB 1551		Amend
2881	AB 1553		Amend
399.12.5	AB 1351		Amend
5378	AB 951		Amend
5378.5	AB 951		Amend
5387	AB 636		Amend
5387.3	AB 636		Add
5411	AB 951		Amend
5411.3	AB 951		Amend
5412	AB 951		Amend
5412.2	AB 951		Amend
5413	AB 951		Amend
5413.5	AB 951		Amend
5414	AB 951		Amend
8360		SB 17	Add
9615.5		SB 488	Add & Repeal
10009		SB 120	Amend
10009.1		SB 120	Amend
12822		SB 120	Amend
12822.1		SB 120	Amend
16481		SB 120	Amend
16481.1		SB 120	Amend

WATER CODE SECTIONS AFFECTED BY CHAPTERED LEGISLATION			
Code Section	Assembly	Senate	Final Action
529.7	AB 975		Amend
10608.32		SBx7 7	Add
10608.52		SBx7 7	Add
10631.5		SBx7 7	Amend & Repeal
83002	AB 626		Amend
80110		SB 695	Amend