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**GOVERNMENT CODE - GOV**

**TITLE 2. GOVERNMENT OF THE STATE OF CALIFORNIA [8000 - 22980]** ( Title 2 enacted by Stats. 1943, Ch. 134. )

**DIVISION 4. FISCAL AFFAIRS [16100 - 17700]** ( Division 4 added by Stats. 1945, Ch. 119. )

**PART 2. STATE FUNDS [16300 - 16649.95]** ( Part 2 added by Stats. 1945, Ch. 120. )

**CHAPTER 2. Special Funds [16346 - 16429.10]** ( Chapter 2 added by Stats. 1945, Ch. 120. )

**ARTICLE 9.5. Ratepayer Relief Fund [16428.1 - 16428.7]** ( Article 9.5 added by Stats. 2003, Ch. 228, Sec. 16. )

**16428.1.** The Legislature finds and declares all of the following:

- (a) Ratepayers and the state's economy have been harmed by improper and unfair energy market manipulation that has resulted in overcharging for electricity and natural gas.
- (b) The purpose of the act adding this section is to ensure that any funds paid to the state as a result of energy litigation are used for the following purposes:
  - (1) To reimburse state funds for, or to finance, litigation and investigation expenses.
  - (2) To reduce ratepayer costs of those utility ratepayers harmed by the actions of the defendants.
  - (3) To reduce or pay debt service on the bonds issued pursuant to Division 27 (commencing with Section 80000) of the Water Code.

(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)

**16428.15.** (a) The Ratepayer Relief Fund is hereby established in the State Treasury. The purpose of the fund is to benefit electricity and natural gas ratepayers and to fund investigation and litigation costs of the state in pursuing allegations of overcharges and unfair business practices against generators, suppliers, or marketers of electricity or natural gas.

(b) Notwithstanding any other law, the Controller may use the moneys in the Ratepayer Relief Fund for loans to the General Fund as provided in Sections 16310 and 16381. However, interest shall be paid on all moneys loaned to the General Fund from the Ratepayer Relief Fund. Interest payable shall be computed at a rate determined by the Pooled Money Investment Board to be the current earning rate of the fund from which loaned. This subdivision does not authorize any transfer that will interfere with the carrying out of the object for which the Ratepayer Relief Fund was created.

(Amended by Stats. 2009, 3rd Ex. Sess., Ch. 9, Sec. 7. Effective February 20, 2009.)

**16428.2.** As used in this article, the following terms have the following meanings:

- (a) "Fund" means the Ratepayer Relief Fund established in Section 16428.1.
- (b) "Energy settlement agreement" means any agreement arising from the energy crisis of 2000–02, where the State of California or a division of the State of California, is a party in a complaint or any action relating to the operation and management of any generation facilities, any sale or purchase or transmission of natural gas, any sale or purchase or transmission of electricity or other utility or energy goods and services, or a violation of the Federal Power Act (16 U.S.C. Sec. 791a et seq.), state law, or Public Utilities Commission orders or regulations relating to electricity generation, transmission, or distribution, electrical corporations, gas generation, storage, transmission, or distribution, gas corporations, energy generation facilities, or publicly owned utilities.

(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)

**16428.3.** (a) Any energy settlement agreement entered into by the Attorney General, after reimbursing the Attorney General's litigation and investigation expenses, to the maximum extent possible, shall direct settlement funds to the following purposes in priority order:

(1) To reduce ratepayer costs of those utility ratepayers harmed by the actions of the settling parties. To the extent the ratepayers of the investor-owned utilities were harmed, the settlement funds shall be directed to reduce their costs, to the maximum extent possible, through reduction of rates or the reduction of ratepayer debt obligations incurred as a result of the energy crisis.

(2) For deposit in the fund.

(b) Nothing in this article shall preclude nonmonetary compensation to the state through an energy settlement agreement, provided that the allocation of benefits from any nonmonetary compensation is consistent with paragraph (1) of subdivision (a).

*(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)*

**16428.4.** All funds recovered on behalf of the Department of Water Resources, after deduction of litigation and investigation expenses, shall be deposited in the Department of Water Resources Electric Power Fund and applied pursuant to Division 27 (commencing with Section 80000) of the Water Code.

*(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)*

**16428.5.** Moneys in the fund shall be expended upon appropriation by the Legislature, for the benefit of ratepayers. Moneys in the fund may be appropriated for the following purposes:

(a) To finance energy litigation and investigation expenses of state entities.

(b) To reduce rates for customers in the affected service areas of electrical utilities and gas utilities.

(c) To reduce the debt service on bonds issued pursuant to Division 27 (commencing with Section 80000) of the Water Code.

*(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)*

**16428.6.** The Attorney General shall promptly notify the Director of Finance, Senate President pro Tempore, and the Speaker of the Assembly upon agreeing on behalf of the state to an energy settlement agreement. Notification shall include a description of how the terms of the settlement agreement, as they pertain to the state, are consistent with the purposes of this article.

*(Amended by Stats. 2012, Ch. 728, Sec. 71. (SB 71) Effective January 1, 2013.)*

**16428.7.** Nothing in this article affects the allocation of funds from settlements entered into before the effective date of this article.

*(Added by Stats. 2003, Ch. 228, Sec. 16. Effective August 11, 2003.)*