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AB-2068 Electricity: rates: public schools. (2017-2018)

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Assembly Bill No. 2068

CHAPTER 208

An act to add Section 749.5 to the Public Utilities Code, relating to electricity.

[Approved by Governor August 27, 2018. Filed with Secretary of State August 27, 2018.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2068, Chu. Electricity: rates: public schools.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined, while local publicly owned electric and gas utilities, as defined, are under the direction of their governing boards. Existing law authorizes the Public Utilities Commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires public utilities to develop programs in cooperation with local school districts to reduce their electricity and gas bills through conservation and improvements in efficiency.

This bill would require the commission to direct all electrical and gas corporations to evaluate, and report findings to the commission on, the feasibility and economic impacts of establishing a public school electric and gas rate that would reflect a discount from the current rate structure. This bill would require the commission to compile these reports and submit this compilation to the Legislature, by January 1, 2020. Because a violation of the commission's directions would be a crime, this bill would impose a state-mandated local program.

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: no Fiscal Committee: yes Local Program: yes

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

SECTION 1. The Legislature finds and declares the following:

- (a) The state's public schools are nonprofit entities that provide a wide range of public benefits.
- (b) The state has invested in energy efficiency improvements in public schools to reduce climate pollution and energy costs; however, energy needs are still great as schools are constantly improving and adapting to technological and operational essentials.
- (c) Public schools spend the same amount on energy bills as they do on books and supplies annually.

(d) Recently, many public schools have experienced electricity rate increases that resulted in financial constraints and less funding for direct student services.

(e) The California Constitution and the Public Utilities Code authorizes the Public Utilities Commission to review and approve rates proposed by the public utilities in the state that reflect expenses and authorized revenue requirements.

(f) There are different rates for different energy users such as residential, commercial, and industrial; schools are under the commercial category.

(g) The Public Utilities Commission, in August 2017, made the recommendation, as part of the Decision Revenue Allocation and Rate Design for San Diego Gas & Electric Company (D17-08-030), that San Diego Gas & Electric Company develop a schools-only rate separate from the medium or large commercial and industrial class rates.

SEC. 2. Section 749.5 is added to the Public Utilities Code, to read:

749.5. (a) For the purposes of this section, “public school” means a public school, including a charter school, maintaining a kindergarten, or any of the grades 1 to 12, inclusive.

(b) The commission shall, as part of its ratesetting process, direct each electrical and gas corporation to evaluate and report findings to the commission, by January 1, 2020, on the feasibility and economic impact of establishing public school electric and gas rates that would reflect a discount from the current rate structure. The report shall include, but not be limited to, the following:

(1) Commercial rate increases in the past five years that affected public schools within the service territory of each electrical and gas corporation.

(2) Economic impact to all ratepayers if all public schools within the service territory received a discount from the current rate structure.

(3) The impact of planned modifications to the time intervals reflected in time-of-use rates and to rate design elements, as adopted by the commission and in the planning stages or proposed by electric and gas corporations.

(4) The cost shifts that would occur, if any, and to which consumers the costs would shift, as a result of a discounted rate for public schools.

(c) The commission shall compile the reports required in subdivision (b) and submit the compilation to the Legislature, on or before January 1, 2020, in compliance with the requirements of Section 9795 of the Government Code.

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.