

Date of Hearing: July 3, 2018

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY

Chris Holden, Chair

SB 959 (Beall) – As Amended March 22, 2018

SENATE VOTE: 37-0

SUBJECT: Water corporation: advice letters

SUMMARY: Would require a water corporation with more than 10,000 service connections to maintain on its website an archive of all advice letters submitted to the California Public Utilities Commission (CPUC) beginning on January 1, 2019 for no more than six years. Specifically, **this bill:**

- 1) Requires a water corporation with more than 10,000 service connections to maintain on its website all pending, approved and rejected advice letters for two rate case cycles or for six years, whichever is shorter.
- 2) Requires the water corporation website posting to contain a direct link to each advice letter.
- 3) Defines advice letter, for purposes of this bill, to mean an advice letter pending, approved or rejected on or after January 1, 2019 and includes submitted cover sheets, attachments, service lists and exhibits as long as they are not confidential.

EXISTING LAW:

- 1) Defines every water corporation and sewer system corporation where the service is performed for, or the commodity delivered to, the public or any portion thereof as a public utility. (Public Utilities Code § 2701)
- 2) Prohibits a public utility from changing any rate or rule as to result in any new rate, except upon a showing before the CPUC and a finding by the CPUC that the new rate is justified. Provides that the procedures for advice letters may include provision for notice to customers or subscribers on a case-by-case basis, as determined by the CPUC. Provides that the CPUC may adopt rules it considers reasonable and proper for each class of public utility providing for the nature of the showing required to be made in support of proposed rate changes. (Public Utilities Code § 454)

FISCAL EFFECT: None. This bill is not keyed fiscal.

BACKGROUND:

CPUC Regulated Water Corporations – The CPUC is responsible for ensuring that California's water corporations deliver clean, safe, and reliable water to their customers at reasonable rates. The CPUC regulates over 100 water corporations and sewer utilities under the CPUC's jurisdiction providing water service to about 16 percent of California's residents. Approximately 95 percent of that total is served by nine large water corporations each serving more than 10,000 connections.

General Rate Cases – All large water corporations regulated by the CPUC are required to file a general rate case (GRC) every three years to ensure that rates accurately reflect the cost of providing service. In the GRC process, the CPUC sets rates to cover the costs of providing water and allow the utility to earn a reasonable return on its investment. Major costs to operate a water system include purchased electric power, purchased water, treatment costs, groundwater pumping fees, labor, and chemicals.

Advice Letters – Electric, gas, water and telecommunications utilities whose rates are set by the CPUC can submit advice letters to the CPUC. Advice letter filings are governed largely under CPUC General Order 96-B. The advice letter process provides a quick and simplified review of the types of utility requests that are expected neither to be controversial nor to raise important policy questions. The primary use of the advice letter process is to review a utility's request to change its tariffs in a manner previously authorized by statute or Commission order, to conform the tariffs to the requirements of a statute or Commission order, or to get Commission authorization to deviate from its tariffs. Advice letters can also be used after a CPUC decision, for instance, to get the CPUC approval on program implementation or program changes.

COMMENTS:

- 1) Author's Statement. According to the author, "SB 959 provides more transparency to water customers by requiring that large water companies keep an archive of all pending, approved, and rejected advice letters."
- 2) Transparency. CPUC General Rule 8.1.2 requires utilities with gross intrastate revenues of \$10 million or more to maintain all tariffs and proposed tariff changes, including submitted advice letters, on their respective utility websites. Additionally, CPUC Water Industry Rule 3.1 requires all Class A water utilities (those with 10,000 service connections or more) to provide a link to pending advice letters on the utility's Internet web site. However, the rule does not have any further requirements once the advice letters have been approved or rejected. This bill would require the water corporations to maintain an archive of all advice letters for two rate case cycles or for six years whichever is shorter.
- 3) Standardization with Energy Utilities. In addition to General Rule 8.1.2, the energy utilities have Energy Industry Rule 6.1 which requires a utility to publish its tariffs on the Internet. The utility must publish all of its tariff sheets in effect or pending review and disposition. Additionally, the utility also must keep up-to-date the status of the tariff sheet (i.e., in effect; pending review and disposition, withdrawn, rejected; or no longer in effect). All tariff sheets published at the utility's internet site shall remain accessible at the site unless and until the Commission authorizes an alternative electronic means of publishing and enabling public access to the utility's tariffs. This bill aims to increase transparency in rates with water corporations by requiring more information to be publically available which electric utilities are already required to do.
- 4) Cost of Compliance. It is important to note to the extent such costs are not already included in rates, the cost of this policy may be recovered through the GRC process.

REGISTERED SUPPORT / OPPOSITION:

Support

California Water Association

City of San Jose

Office of Ratepayer Advocates

Water Rate Advocates for Transparency, Equity, and Sustainability (WRATES)

Opposition

None on file.

Analysis Prepared by: Elle Hoxworth / U. & E. /