

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 04/16/2012
POSITION: Neutral

BILL NUMBER: AB 1650
AUTHOR: Portantino, Anthony

BILL SUMMARY: Public utilities: emergency and disaster preparedness.

Under existing law, the Public Utilities Commission (PUC) has regulatory authority over public utilities, including electrical corporations and water corporations.

The California Emergency Services Act authorizes local governments to create disaster councils by ordinance, and to develop plans for meeting any condition constituting a local emergency or state of emergency, as specified.

This bill would require water and electric corporations to develop emergency and disaster response plans. The bill directs the PUC to develop standards for these plans, including the use of weather reports to reposition manpower during disasters, and methods for electric and gas corporations to improve communication with local governments and the public. The bill would require electric corporations to evaluate the emergency practices and experiences of similar electric corporations as they develop their plans. In addition, the bill would require electric corporations to hold regular biannual public meetings with the cities and counties they serve to seek input as they develop and update their emergency plans.

FISCAL SUMMARY

The PUC estimates implementation of the new regulations, including initial revision of the General Order, development of standards, and participation in rulemaking proceedings would require a minimum of one Utility Engineer, and review of the emergency plans, participation in public meetings, further revisions to standards, and possible enforcement action would require one Utility Engineer every year thereafter. A proceeding to implement the bill's provisions would require one Administrative Law Judge II for two years. Total fiscal impact would amount to \$255,773 PUC Utilities Reimbursement Account (PUCURA) for two years and \$110,963 PUCURA each year thereafter.

Although the bill contains a provision that local agencies would be reimbursed for any state mandated costs, as determined by the Commission on State Mandates, we note that participation in the biannual public meetings that utilities would be required to hold would be voluntary and therefore not a state mandate. In addition, it is unlikely that any costs incurred by local agencies would exceed the \$1,000 minimum cost for mandate reimbursement.

COMMENTS

Finance is neutral on this bill because its apparent intent is to improve emergency response by electrical corporations and establish emergency planning by water corporations.

Finance does not concur with the PUC estimated resource need, as the PUC currently enforces similar provisions in General Order 166 requiring electric utilities to annually file updated emergency response plans. Any staffing and resource needs would be evaluated during the annual development of the Governor's Budget.

Analyst/Principal (0621) J.McGuinn	Date	Program Budget Manager Karen Finn	Date
Department Deputy Director		Date	
Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
BILL ANALYSIS			Form DF-43 (Rev 03/95 Buff)

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COMMENTS (continued)

This bill is in response a power outage last winter. The San Gabriel Valley was hit hard in early December by winds that knocked out power to nearly a quarter of a million customers, some of them for more than a week. In a preliminary report, the PUC stated that in some cases, Southern California Edison's equipment did not meet safety standards and that the utility was slow to restore power to homes and businesses. Local utilities also had trouble with communications plans. The bill aims to provide better communication among utility customers, utility providers, and local governments when disasters occur.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)						Fund Code
	LA	(Dollars in Thousands)						
	CO	PROP						
	RV	98	FC	2011-2012	FC	2012-2013	FC	2013-2014
8660/PUC	SO	No	C	0	C	128	C	256 0462
<u>Fund Code</u> 0462	<u>Title</u> Publ Utilities Comm Utilities Reimb Acct							