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CONCURRENCE IN SENATE AMENDMENTS  
AB 1002 (Wright)  
As Amended August 25, 2000  
2/3 vote

ASSEMBLY:	( June 1, 1999	SENATE:	27-6 ( August 29,
	)		2000 )

(vote not relevant)

Original Committee Reference: U. & C.

SUMMARY : Imposes a surcharge on all natural gas consumed in California to fund specified low-income, energy efficiency, conservation and public interest research programs. Specifically, this bill :

The Senate amendments :

- 1) Established that the surcharges imposed by this bill are required to be collected quarterly by the State Board of Equalization and prescribes that quarterly returns are to be filed on or before the last day of the month following each calendar quarter.
- 2) Exempted from the consumption charge natural gas that is produced in California and transported on a proprietary pipeline.

EXISTING LAW :

- 1) Establishes certain public purpose programs, including energy efficiency, public interest research and development, low-income assistance and weatherization.
- 2) Authorizes the collection of funds through a surcharge on ratepayers of public utility gas corporations.

AS PASSED BY THE ASSEMBLY , this bill:

- 1) Required the California Public Utilities Commission (CPUC) to impose a surcharge on all natural gas consumed in the state.
- 2) Exempted specified natural gas usage from the consumption

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surcharge, including natural gas utilized to generate power for sale, for resale to end users, for enhanced oil recovery, in cogeneration technology projects to produce electricity, pursuant to contracts previously approved by CPUC which do not currently impose the surcharge, and gas sold within the service territory of a municipality that provides similar programs.

- 3) Required CPUC to establish the surcharge rate for each class of customer and notify the State Board of Equalization (BOE) of the surcharge and requires each end user on an interstate pipeline to notify BOE of their consumption.
- 4) Required that revenues collected from the surcharge be paid to BOE and deposited into the Gas Consumption Surcharge Fund to be created in the State Treasury to fund the public purpose programs.
- 5) Appropriated funds to pay CPUC and BOE for their costs associated with the administration of these programs.
- 6) Established an advisory board to administer programs and conduct financial and compliance audits.
- 7) Instituted a tariff rate to apply to customers who bypass public utility gas corporation and subsequently seek to utilize the public utility gas corporation for transportation services.

FISCAL EFFECT : BOE estimates annual costs of \$70,000 to administer the surcharge and CPUC would incur minor absorbable costs.

COMMENTS : This bill establishes a surcharge on all natural gas customers to ensure the financial stability of California's public purpose programs.

The Senate amendments establish the filing and collection process for the Board of Equalization. Gas marketers do not collect or have information on who the end customers receiving the gas is. A broker handles those activities. Thus, this bill requires the end user to file reports of its gas consumption to the Board of Equalization.

Additionally the Senate amendments exempt certain natural gas

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types that could not otherwise be transported through the gas utility pipeline. Gas produced in California does not meet the specifications required by the gas utility. The surcharge is not collected on those fuels today. This amendment would put into policy the current practice exempting such fuels from the surcharge.

Analysis Prepared by : Carolyn Veal-Hunter / U. & C. / (916)  
319-2083

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