

CALIFORNIA LEGISLATURE
2001-02 FIRST EXTRAORDINARY SESSION

ASSEMBLY DAILY JOURNAL

Friday, March 23, 2001
FORTY-THIRD SESSION DAY
EIGHTIETH CALENDAR DAY
AT SACRAMENTO, CALIFORNIA



NOTE: Official record of roll call votes; all amendments considered by the Assembly on this day are on file with the Chief Clerk of the Assembly and available on request. A list of all measures amended and on which amendments were offered is shown on the final page of this day's Assembly Journal.

(Please Direct Any Inquiries and Report Any Omissions or Errors to Minute Clerk: Phone 319-2360)

PROCEEDINGS OF THE ASSEMBLY

IN ASSEMBLY

Assembly Chamber, Sacramento
Friday, March 23, 2001

The Assembly met at 10:30 a.m.

Hon. Fred Keeley, Speaker pro Tempore of the Assembly, presiding.

Chief Clerk E. Dotson Wilson at the Desk.

Assistant Clerk Sue Parker reading.

ROLL CALL

The following were placed upon the morning roll call—75:

Aanestad	Daucher	Leonard	Runner
Alquist	Diaz	Leslie	Salinas
Aroner	Dickerson	Liu	Shelley
Ashburn	Dutra	Longville	Simitian
Bates	Firebaugh	Lowenthal	Steinberg
Briggs	Florez	Maldonado	Strickland
Calderon	Frommer	Matthews	Strom-Martin
Campbell, Bill	Goldberg	Migden	Thomson
Campbell, John	Harman	Mountjoy	Vargas
Canciamilla	Havice	Nakano	Washington
Cardenas	Hollingsworth	Nation	Wayne
Cardoza	Horton	Negrete McLeod	Wesson
Chan	Jackson	Oropeza	Wiggins
Chavez	Keeley	Pacheco, Robert	Wright
Cogdill	Kehoe	Pacheco, Rod	Wyland
Cohn	Kelley	Papan	Wyman
Corbett	Koretz	Pavley	Zettel
Correa	La Suer	Pescetti	Mr. Speaker
Cox	Leach	Reyes	

Quorum present.

REGULAR BUSINESS DISPENSED WITH

By unanimous consent, the regular order of business of the Assembly was dispensed with for this legislative day.

LEAVES OF ABSENCE FOR THE DAY

By unanimous consent, the following Assembly Members were granted leaves of absence for the day:

Because of illness: Assembly Member Maddox.

Because of illness in his family: Assembly Member Cedillo.

The following Assembly Member was excused for the day, and his per diem was waived: Richman.

REPORTS

The following letter of transmittal was presented by the Chief Clerk, and ordered printed in the Journal:

California State Auditor

2000-134.1
March 22, 2001

*The Honorable Speaker of the Assembly
The Honorable Members of the Assembly
of the Legislature of California
State Capitol, Room 3196
Sacramento, California*

Members of the Assembly: As requested by the Joint Legislative Audit Committee, the Bureau of State Audits presents its audit report concerning the operations of the California Independent System Operator (ISO) and its relationship with the Power Exchange (PX).

This report concludes that the failure of deregulation is not the result of any single cause, but rather of a complex combination of factors. Foremost among these are certain fundamental flaws in the structure of the power market. For instance, the requirement that the investor-owned utilities sell all the power they generated themselves and purchase all their electricity through sequential short-term markets operated by the ISO and PX. This requirement established a structure that allowed—even encouraged—strategic bidding through the underscheduling of the demand and supply of power on the part of both buyers and sellers in an effort to manipulate wholesale prices to their advantage. Strategic bidding is one factor that significantly contributed to high wholesale energy prices in the year 2000.

In addition, misjudgments on the part of regulators about the effectiveness of their corrective actions also contributed to the current crisis. Starting in 1998, market monitoring groups within the ISO and PX warned the Federal Energy Regulatory Commission (FERC) and the California Public Utilities Commission (CPUC) of potential problems with the market structure. Although hindsight has shown the accuracy of these predictions, neither FERC nor the CPUC fully or successfully addressed these concerns at the time.

Finally, in analyzing the factors contributing to the energy crisis, it is important to note that some were beyond any regulator or agency's control. Competitive market forces, such as the demand for electrical power that far outstripped the growth in supply, recent unusual weather patterns, the steep increase in the cost of natural gas, and costly air quality emissions requirements were all beyond the control of California regulators or the ISO and PX. Yet, all of these factors exerted considerable influence over wholesale market prices in the year 2000.

Respectfully submitted,

ELAINE M. HOWLE
State Auditor

Above report referred to the Committee on Energy Costs and Availability.

ENGROSSMENT AND ENROLLMENT REPORTS

Assembly Chamber, March 23, 2001

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:

Assembly Bill No. 16

Assembly Bill No. 28

Assembly Bill No. 18

Assembly Bill No. 71

And reports the same correctly engrossed.

E. DOTSON WILSON, Chief Clerk

Above bills re-referred to committee.

REPORTS OF STANDING COMMITTEES**Committee on Energy Costs and Availability**

Date of Hearing: March 22, 2001

Mr. Speaker: Your Committee on Energy Costs and Availability reports:

Assembly Bill No. 44

With amendments with the recommendation: Amend, do pass, as amended and be re-referred to the Committee on Appropriations.

WRIGHT, Chairman

Above bill ordered to second reading.

Date of Hearing: March 19, 2001

Mr. Speaker: Your Committee on Energy Costs and Availability reports:

Assembly Bill No. 63

With amendments with the recommendation: Amend, do pass, as amended and be re-referred to the Committee on Appropriations.

WRIGHT, Chairman

Above bill ordered to second reading.

CONSIDERATION OF DAILY FILE**SECOND READING OF ASSEMBLY BILLS**

ASSEMBLY BILL NO. 75—An act to add Section 380 to the Public Utilities Code, relating to public utilities.

Bill read second time; amendments proposed by the Committee on Appropriations read and adopted, bill ordered reprinted and to be returned to the second reading file.

UNFINISHED BUSINESS**MOTION TO RECONSIDER ASSEMBLY BILL NO. 8 CONTINUED**

By unanimous consent, the motion to reconsider the vote on Assembly Bill No. 8 was continued until the next legislative day.

ADJOURNMENT

At 3:30 p.m., the Assembly adjourned until 11 a.m., Monday, March 26, 2001.

ROBERT M. HERTZBERG, Speaker

PAM CAVILEER, Minute Clerk

**AMENDMENTS CONSIDERED BY THE
ASSEMBLY ON MARCH 23, 2001**

The following measures were amended in the Assembly on this day:

AB RN

75 0109491

Daily Total: 1

Cumulative Total: 94

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