

CALIFORNIA LEGISLATURE
2001-02 FIRST EXTRAORDINARY SESSION

ASSEMBLY DAILY JOURNAL

Monday, April 30, 2001
SIXTIETH SESSION DAY
ONE HUNDRED EIGHTEENTH 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
Monday, April 30, 2001

The Assembly met at 1:43 p.m.

Hon. Christine Kehoe, Assistant Speaker pro Tempore of the Assembly, presiding.

Chief Clerk E. Dotson Wilson at the Desk.

Assistant Clerk Sue Parker reading.

ROLL CALL

The roll was called, and the following answered to their names —78:

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

PRAYER

Upon invitation of Speaker pro Tempore Keeley, the following prayer was offered by Assembly Alternate Chaplain Rev. Constantine C. Pappademos:

O Great God, It is fitting at all times to raise a song of praise in measured melody to You, O Giver of Life. Behold, the universe sings Your glory. Having arrived at the dawn of a new day, we give You thanks, we praise You, we glorify You and we ask that Your mighty hand guide us this day and always.—AMEN.

PLEDGE OF ALLEGIANCE TO THE FLAG

Upon request of Speaker pro Tempore Keeley, Assembly Member Pavley then led the Assembly in the pledge of allegiance to the Flag.

MOTION TO DISPENSE WITH READING OF THE JOURNAL

Further reading of the Journal of the previous legislative day was dispensed with on motion of Assembly Member Shelley, seconded by Assembly Member Cox.

LEAVES OF ABSENCE FOR THE DAY

By unanimous consent, the following Assembly Member was granted leave of absence for the day:

On legislative business, per diem waived for the 2001–2002 Session (See Assembly Journal, page 162): Assembly Member Steinberg.

(NOTE: For explanation of absence of Assembly Member Steinberg on this day, on legislative business, pursuant to the Rules, see the Assembly Journal for the Regular Session for this day.)

COMMUNICATIONS

The following communication was presented by the Chief Clerk, and ordered printed in the Journal:

**Report of Subcommittee on Natural Gas
Costs and Availability**

April 30, 2001

*Mr. Dotson Wilson, Chief Clerk
California State Assembly
State Capitol, Room 3196
Sacramento, California*

Dear Mr. Wilson: This transmittal serves as a record of the vote of the Energy Costs and Availability Subcommittee on Natural Gas Costs and Availability, First Extraordinary Session, in regards to the attached Final Report of the Subcommittee.

Motion to Approve the Report of the Assembly Subcommittee on Natural Gas Costs and Availability:

AYES

JOE CANCIAMILLA, Chair

MANNY DIAZ

RICHARD DICKERSON

DEAN FLOREZ

HERB WESSON

CHARLENE ZETTEL

NOES—None

Sincerely,

JOE CANCIAMILLA, Chair

Subcommittee on Natural Gas Costs and Availability

**FINAL REPORT
OF
THE ASSEMBLY SUBCOMMITTEE ON NATURAL
GAS COSTS AND AVAILABILITY**

**Assembly Member Joe Canciamilla, Chair
April 30, 2001**

SUBCOMMITTEE ON NATURAL GAS COSTS AND AVAILABILITY

The Honorable Joe Canciamilla, Chair

Executive Summary

Natural Gas Challenges and Opportunities

Natural gas provides more than half (56 percent) of the state's energy used for non-transportation applications. The single largest use of natural gas in California is for generating electricity. The reduced availability of low-cost hydropower from the Pacific Northwest and imported power from the desert southwest, resulted in increased demand for natural gas-fired electric generators. The increased demand for natural gas to fuel power generators, combined with increases due to cold and wet winter weather in California, placed record demands on both the intrastate and interstate pipeline systems. Additionally, natural gas prices doubled and, during the winter, quadrupled.

- All new power plants approved or under construction in California will rely on natural gas. Over the next 10 years, demand for natural gas to fuel electric generation is projected to grow by 20 percent. California-produced natural gas meets only 16 percent of California's demand. The remainder of the natural gas used in California comes from the Southwest (46 percent), Canada (28 percent) and the Rocky Mountains (10 percent). We want to make sure our natural gas production and the pipeline and storage infrastructure is able to accommodate projected demand growth and provide a cost-effective margin of reserve capacity. Additionally, it is necessary to ensure that the market for natural gas is truly competitive to maintain lower prices and a reliable supply of gas.

Summary of Recommendations

Natural Gas Storage Optimization

- Increase supply reliability this summer by directing the California Public Utilities Commission (CPUC) to encourage large natural gas customers (industrial companies and electric generators) to inject natural gas into storage to maintain reliable service when demand is high and pipeline capacity is full. The CPUC's review of storage issues should include review of the rules affecting the utilities' storage programs to ensure the appropriate incentives are in place to facilitate optimization of storage assets.
- Increase supply reliability by directing the CPUC to promptly act on Southern California Gas (SoCalGas) Company's proposal to draw down the gas stored in the Montebello storage field.

- Expedite the development of new facilities by amending the Public Utilities Code to exempt competitive natural gas pipeline companies and natural gas storage facilities from duplicative reviews by the CPUC related to their exercise of condemnation rights.

Intrastate and Interstate Pipeline Capacity

- Expedite the construction of new facilities by amending Section 1005.5 of the Public Utilities Code to increase from \$50 to \$100 million the financial threshold requiring public utilities to obtain a CPUC Certificate of Public Convenience and Necessity (CPCN). Public utilities would be allowed discretion to apply for a CPCN for any project below the \$100 million threshold if they want regulatory approval before undertaking a project.
- Accelerate review of CPCN applications by requiring the CPUC to issue or deny a CPCN within 12 months of receipt of a completed application, or immediately upon completion of all other permitting processes, whichever comes first. Failure to act within the statutory period would result in the automatic issuance of the CPCN.
- Avoid unnecessary project delays by establishing specific deadlines for environmental and other permitting agencies to review and permit all natural gas pipeline, compression, and storage projects. This would be similar to the Chapter 329, Statutes of 2000 (Ducheny), requirement pertaining to electric generation projects.
- Encourage competition and capacity additions by requiring the CPUC to eliminate utility tariff provisions that are detrimental to competition.
- Encourage cost-effective system expansion that does not rely solely on the utilities' proposals. The CPUC would be directed to convene a workshop (or other appropriate regulatory vehicles) to hear from customers and potential project proponents to determine the full range of expansion and efficiency improvements required to support the state's growing natural gas demand. Issues to be addressed could include, but not be limited to, rolled-in versus incremental pricing for new facilities, the utilities' obligation to service both core and non-core loads, appropriate interconnection requirements, the desired level of capacity reserves to accommodate planning contingencies and expected load growth, and utility obligations. The CPUC would be directed to report the results of its analysis to the Legislature no later than six months from the date of the resolution.

California Natural Gas Production

- Facilitate California natural gas production by requiring equitable rules governing utility system interconnections with California natural gas producers.

- Allow California natural gas producers to sell, and deliver through privately owned pipelines, low-Btu natural gas that does not meet the minimum standards required for purchase by public utilities. Sales would be limited to no more than five end-users. These sales would not trigger the Public Utilities Code provisions that would designate these sellers as “public utilities.”

Conservation and Energy Efficiency

- Continue to encourage customers to conserve natural gas and use it efficiently. Existing utility programs, funded through utility rates, are provided to help customers achieve these goals. Additionally, the Legislature is evaluating potential programs to target reductions in natural gas used for space and water heating.

The following communication was presented by the Chief Clerk, and ordered printed in the Journal:

April 30, 2001

*The Honorable E. Dotson Wilson
Chief Clerk, California State Assembly
State Capitol
Sacramento, California*

Dear Mr. Wilson: My March 26, 2001 letter to you failed to state that I have appointed Assemblymember Tony Strickland as the Second Ranking Minority Leader. Mr. Strickland will serve in both this capacity and as the Assembly Republican Caucus Chair.

Please take the necessary steps for Mr. Strickland’s compensation to reflect this new assignment effective May 1, 2001.

Thank you in advance for your assistance. If I can be of assistance to you, please do not hesitate to call. I can be reached at the office at (916) 319-2005.

Sincerely,

DAVE COX
Assembly Republican Leader

ENGROSSMENT AND ENROLLMENT REPORTS

Assembly Chamber, April 30, 2001

Mr. Speaker: Pursuant to your instructions, the Chief Clerk has examined:
Assembly Bill No. 48

And reports the same correctly engrossed.

E. DOTSON WILSON, Chief Clerk

Above bill re-referred to committee.

REFERENCE OF BILLS TO COMMITTEE

Pursuant to the Assembly Rules, the following bills were referred to committee:

Assembly

Bill No.

Committee

73 ----- E.C. & A.

AUTHOR'S AMENDMENTS**Committee on Energy Costs and Availability**

April 30, 2001

Mr. Speaker: The Chair of your Committee on Energy Costs and Availability reports:
Assembly Bill No. 23

With author's amendments with the recommendation: Amend, and re-refer to the committee.

WRIGHT, Chairman

ASSEMBLY BILL NO. 23—An act to amend Sections 1032 and 1253 of, and to add Section 1253.9 to, the Unemployment Insurance Code, relating to unemployment insurance.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

AUTHOR'S AMENDMENTS**Committee on Energy Costs and Availability**

April 30, 2001

Mr. Speaker: The Chair of your Committee on Energy Costs and Availability reports:
Assembly Bill No. 73

With author's amendments with the recommendation: Amend, and re-refer to the committee.

WRIGHT, Chairman

ASSEMBLY BILL NO. 73—An act relating to public utilities.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

AUTHOR'S AMENDMENTS**Committee on Energy Costs and Availability**

April 30, 2001

Mr. Speaker: The Chair of your Committee on Energy Costs and Availability reports:
Assembly Bill No. 78

With author's amendments with the recommendation: Amend, and re-refer to the committee.

WRIGHT, Chairman

ASSEMBLY BILL NO. 78—An act to amend Sections 785, 785.1, and 785.5, of the Public Utilities Code, relating to energy.

Bill read second time; author's amendments, presented pursuant to Assembly Rules, read and adopted; bill ordered reprinted, and to be re-referred to the committee.

SPECIAL COMMITTEE MEETINGS

By unanimous consent, the following committee was permitted to meet:

Subcommittee on Natural Gas Costs and Availability, on April 30, 2001, upon adjournment of floor session.

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

ASSEMBLY BILL NO. 13—An act to amend Sections 382 and 2790 of, and to add Sections 382.1 and 2790.1 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.

THIRD READING OF ASSEMBLY BILLS

ASSEMBLY BILL NO. 2 (Bill Campbell)—An act to add Section 3108.5 to the Public Resources Code, and to add Section 785.8 to, and to add and repeal Section 785.9 of, the Public Utilities Code, relating to energy.

Bill read third time, and passed by the following vote:

AYES—76

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

NOES—None

Bill ordered transmitted to the Senate.

ASSEMBLY BILL NO. 63 (Florez)—An act to amend Section 377 of the Public Utilities Code, relating to electric power.

Bill read third time, and passed by the following vote:

AYES—76

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

NOES—None

Bill ordered transmitted to the Senate.

COMMITTEE MEETING ANNOUNCEMENT

Assembly Member Canciamilla announced that the Subcommittee on Natural Gas Costs and Availability would meet today, upon adjournment of Floor session.

VOTE ADDS

The following Assembly Members were granted unanimous consent to record their votes on the following items:

Assembly Bill No. 2: Briggs, Firebaugh, Leslie, and Nation—Aye.

Assembly Bill No. 63: Dutra and Nation—Aye.

RECESS

By unanimous consent, at 1:48 p.m., Assistant Speaker pro Tempore Kehoe declared the Assembly recessed.

ADJOURNMENT

At 3 p.m., the Assembly adjourned until 8:30 a.m., Thursday, May 3, 2001, or upon Call of the Speaker.

ROBERT M. HERTZBERG, Speaker

PAM CAVILEER, Minute Clerk

**AMENDMENTS CONSIDERED BY THE
ASSEMBLY ON APRIL 30, 2001**

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

AB	RN
13	0112433
23	0112701
73	0112360
78	0112377

Daily Total:	4
Cumulative Total:	142

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