



City of Anaheim
PUBLIC UTILITIES DEPARTMENT

DATE: NOVEMBER 18, 2020

TO: CITY MANAGER/CITY COUNCIL/PUBLIC UTILITIES BOARD

FROM: PUBLIC UTILITIES GENERAL MANAGER

SUBJECT: ANAHEIM PUBLIC UTILITIES 2020 STATE LEGISLATIVE UPDATE

This item is for information only.

DISCUSSION:

Anaheim Public Utilities (APU) monitored over 200 bills in the 2020 State Legislative year covering electric, water and other relevant issues having potential impact to utility operations and costs. However, this was an unprecedented legislative year due to the COVID-19 pandemic as the Legislature took two breaks and legislators significantly reduced their bill load because of a shortened legislative calendar. Nonetheless, APU continued to advocate on behalf of its customers, including collaborating with similarly situated utilities through the California Municipal Utilities Association and the Southern California Public Power Authority, to ensure legislation addressed local concerns and mitigated impacts to the extent possible.

As a result of the collective advocacy of many utilities who seek to protect their customers, potentially harmful legislation did not advance or bill language was modified to minimize negative impacts. Overall, the 2020 Legislative year concluded positively as APU does not anticipate newly enacted laws to negatively impact utility customers. This was the final year of the 2019-20 Legislative Session with 26 bills enacted into law (see Attachment 1).

Energy-Related Legislation

Of the energy-related bills monitored this year, 12 were chaptered into law. The energy-related bills chaptered into law are not expected to significantly impact operations in large part due to the advocacy efforts early in the year or bills that are not applicable to publicly-owned utilities such as APU. Energy bills of significance are further described as follows:

AB 2788 (Gloria-D, Gabriel-D, et al) protects customer information by prohibiting utilities from sharing customer data with immigration authorities without a court-ordered subpoena or judicial warrant. This bill affirms an ongoing APU practice.

AB 2255 (Eggman-D) and **AB 1720** (Carrillo-D) were similar bills that would have initiated a process for State energy agencies to consider the procurement of long-duration bulk energy storage resources and, if certain determinations were made, direct a State entity to procure those resources with costs recovered by

electric ratepayers statewide. Both bills could have resulted in millions of dollars of new costs onto APU customers without any local benefits at a time of economic uncertainty due to the pandemic. APU met with its legislators and worked through its industry associations to express these concerns, which helped to prevent both bills from advancing in the Legislature. Alternatively, APU has initiated an evaluation for battery-based energy storage that would likely be installed locally to benefit Anaheim customers directly.

See Attachment 2, *Estimated Cost Impacts of Legislation Impacting Electric Operations*, for further information on enacted electric bills with cost impacts to APU customers.

Water-Related Legislation

Of the water-related bills monitored, four bills were chaptered into law, including the following chaptered bills that are beneficial for APU and other water agencies' customers.

AB 2560 (Quirk-D) supports high quality water service by establishing a public comment and review process when the State Water Resources Control Board takes action on drinking water Notification and Response Levels (NLs/RLs), which are advisory levels for unregulated contaminants that entail additional actions if exceeded by a water source. This law will now provide APU and other water agencies with a standard, transparent process where interested stakeholders can participate in potential NL/RL changes, and will help water agencies plan for any anticipated operational impacts of such changes.

SB 1386 (Moorlach-D) reinforces the authority in existing law that allows public water suppliers, such as APU, to include the costs associated with fire hydrants in their property-related service charges. This bill is in response to lawsuits against over 80 local governments, including Anaheim, challenging the long-standing method of funding water service used in firefighting through property-related water service charges that, if successful, would likely require all water suppliers to charge fire protection agencies (such as cities, counties, and regional fire authorities) for these costs.

See Attachment 3, *Estimated Cost Impacts of Legislation Impacting Water Operations*, for further information on enacted water bills with cost impacts to APU customers.

Potential and/or Upcoming Legislative Issues

As mentioned above, the 2020 legislative year was unprecedented as the COVID-19 pandemic significantly disrupted the legislative process. The Legislature suspended its activities resulting in a truncated calendar, legislators dropped bills, and public health and economic impacts to the State budget dramatically shifted policy priorities.

In addition to the ongoing pandemic, California utilities faced a myriad of issues in 2020 such as rotating outages, wildfires, and directives related to electric transportation. APU

anticipates that reconsideration and/or introduction of bills in 2021 may address the following issues:

- Reforms to energy resource planning and adequacy.
- Mandates to procure or deploy specific types of energy resources and storage such as pumped-hydroelectric energy storage, offshore wind, microgrids, and others.
- Accelerating the adoption of zero-emission vehicles and deployment of supporting infrastructure.
- Development of formal water quality standards for PFAS (Per and polyfluoroalkyl substances).
- Proposals addressing customer impacts of Public Safety Power Shutoffs.
- Economic recovery efforts (which may include investing in water resiliency and wildfire prevention).
- Utility bill consumer protections and/or avoidance of disconnections of utility services.

CONCLUSION:

APU continues to advocate on behalf of its customer-owners to support legislation that provides local benefits and defend against legislation that undermines local control and increases costs to ratepayers. Information regarding the financial and operational impacts to APU are posted on the City's website, which includes estimated annual costs and votes by Anaheim representatives.

Attachments:

1. APU 2020 Chaptered Bills Report
2. Estimated Cost Impacts of Legislation Impacting Electric Operations
3. Estimated Cost Impacts of Legislation Impacting Water Operations