

AUTHOR'S COPY

An act to amend Section 1245.210 of the Code of Civil Procedure, to amend Sections 13332.12, 15853, and 15855 of the Government Code, to amend Section 830.34 of the Penal Code, and to amend Sections 224.3, 3300, 3301, 3302, 3310, 3320, 3325, 3341, 3350, 3356, 3365, 3370, and 3380.1 of, to amend the heading of Division 1.5 (commencing with Section 3300) of, to amend the heading of Chapter 2 (commencing with Section 3310) of Division 1.5 of, to add Section 3348 to, to add Division 5.5 (commencing with Section 10500) to, to repeal Section 3352 of, to repeal Article 8 (commencing with Section 3369) of Chapter 3 of, to repeal Chapter 6 (commencing with Section 3384) of Division 1.5 of, and to repeal and add Section 3347 of, the Public Utilities Code, relating to energy.



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THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 1245.210 of the Code of Civil Procedure is amended to read:

1245.210. As used in this article, "governing body" means:

(a) In the case of a taking by a local public entity, the legislative body of the local public entity.

(b) In the case of a taking by the Sacramento and San Joaquin Drainage District, the Central Valley Flood Protection Board.

(c) In the case of a taking by the State Public Works Board pursuant to the Property Acquisition Law (Part 11 (commencing with Section 15850) of Division 3 of Title 2 of the Government Code), the State Public Works Board.

(d) In the case of a taking by the Department of Fish and Wildlife pursuant to Section 1348 of the Fish and Game Code, the Wildlife Conservation Board.

(e) In the case of a taking by the Department of Transportation (other than a taking pursuant to Section 21633 of the Public Utilities Code or Section 30100 of the Streets and Highways Code), the California Transportation Commission.

(f) In the case of a taking by the Department of Transportation pursuant to Section 21633 of the Public Utilities Code, the California Transportation Commission.

(g) In the case of a taking by the Department of Transportation pursuant to Section 30100 of the Streets and Highways Code, the California Transportation Commission.

(h) In the case of a taking by the Department of Water Resources, the California Water Commission.

(i) In the case of a taking by the University of California, the Regents of the University of California.

(j) In the case of a taking by the State Lands Commission, the State Lands Commission.

(k) In the case of a taking by Hastings College of Law, the board of directors of that college.

(l) In the case of a taking by the High-Speed Rail Authority, the State Public Works Board.

(m) In the case of a taking by the California Consumer Energy and Conservation Financing Authority, the board of directors of that authority.

SEC. 2. Section 13332.12 of the Government Code is amended to read:

13332.12. (a) Any acquisition of land or other real property authorized in any appropriation, except an appropriation from the California Water Fund or an appropriation to the Department of ~~Transportation or Transportation~~, the High-Speed Rail ~~Authority Authority~~, or the California Consumer Energy and Conservation Financing Authority for capital outlay purposes, shall be subject to the provisions of the Property Acquisition Law (Part 11 (commencing with Section 15850)). Nothing in this section shall be construed as exempting the California Coastal Commission from this section.

(b) All property acquisitions, including those exempted pursuant to subdivision (a), shall be reported to the State Public Works Board.

SEC. 3. Section 15853 of the Government Code is amended to read:



15853. (a) The board may select and acquire, in the name of and on behalf of the state, with the consent of the state agency concerned, the fee or any lesser right or interest in any real property necessary for any state purpose or function.

(b) If moneys are appropriated by the Budget Act for any fiscal year or by any other act for the acquisition of land or other real property, either (1) subject to this part or (2) for any state agency for whom property is acquired by the board, the moneys and acquisitions are subject to this part and the moneys shall be expended in accordance with this part, notwithstanding any other law.

(c) Notwithstanding any other law, all land and other real property to be acquired by or for any state agency, other than the Department of Transportation, the High-Speed Rail Authority, the Department of Water Resources, the Central Valley Flood Protection Board, the Department of Fish and Wildlife, the Wildlife Conservation Board, the California Consumer Energy and Conservation Financing Authority, the Public Employees' Retirement System, the State Teachers' Retirement System, the Department of Housing and Community Development, the State Lands Commission, except for property to be acquired for the State Lands Commission pursuant to an appropriation from the General Fund, and the State Coastal Conservancy with respect to acceptance of offers to dedicate public accessways made pursuant to the California Coastal Act (Division 20 (commencing with Section 30000)) of, and for the purposes of Chapter 10 (commencing with Section 31411) of Division 21 of, the Public Resources Code, shall be acquired by the State Public Works Board in accordance with this part.

(d) (1) Notwithstanding subdivision (a), the board shall acquire, on behalf of and for the Department of Parks and Recreation, in accordance with this part, any interests in real property, including options to purchase, which have been appraised, selected, and settled through purchase negotiations by the Department of Parks and Recreation pursuant to subdivision (b) of Section 5006 of the Public Resources Code. Out of moneys appropriated for the acquisition of options to purchase, no more than ten thousand dollars (\$10,000) may be expended for the acquisition of any single option unless otherwise provided by the Legislature.

(2) Notwithstanding Section 15854, purchase negotiations for interests in real property for the state park system pursuant to subdivision (d) of Section 5006 of the Public Resources Code shall be initiated within six months of the effective date of the act that appropriates funds for the acquisition. Purchase negotiations on all projects not proposed pursuant to subdivision (d) of Section 5006 of the Public Resources Code shall be initiated within 12 months of the effective date of the act appropriating funds for the acquisition. Either title shall be conveyed or a written agreement to transfer title shall be executed within the appropriate authorization period unless the Department of Parks and Recreation formally abandons the acquisition prior to the conclusion of the appropriate authorization period. For the purposes of this section, in order for the Department of Parks and Recreation to "formally abandon" an acquisition, it shall transmit written notification to the board of its intent not to proceed with the acquisition.

(3) The board, at any time during the periods specified in paragraph (2), may commence condemnation proceedings if it finds it to be appropriate. However, if during the appropriate authorization period title is not conveyed or a written agreement to transfer title is not signed, the acquisition has not been formally abandoned, or condemnation proceedings have not been commenced, the Department of Parks and Recreation shall notify, by letter, the chair of the committee in each house of the



Legislature that considers appropriations, the Chair of the Joint Legislative Budget Committee, and the Members of the Legislature within whose district any part of the land or other real property is located of the status of the acquisition. For the purpose of this paragraph, condemnation proceedings shall be deemed to be commenced as of the date the board authorizes acquisition by condemnation.

(4) The board may schedule special meetings as are necessary to expedite the acquisition of options to purchase real property for the state park system.

(e) The board may acquire furnishings that the owner thereof agrees to sell and that are contained within improvements acquired by the board. The cost of acquisition of furnishings shall be charged to the appropriation available for acquisition of the real property.

(f) This section shall not apply to the acquisition of conservation easements made pursuant to the California Forest Legacy Program Act of 2007 (Division 10.5 (commencing with Section 12200) of the Public Resources Code).

SEC. 4. Section 15855 of the Government Code is amended to read:

15855. (a) Notwithstanding any other law, except as provided in subdivision (b), the State Public Works Board is the only state agency that may exercise the power of eminent domain to acquire property needed by any state agency for any state purpose or function.

(b) Subdivision (a) does not affect or limit the right of the Department of Transportation, High-Speed Rail Authority, Department of Water Resources, State Lands Commission, Central Valley Flood Protection Board, the California Consumer Energy and Conservation Financing Authority, Hastings College of the Law, or the Regents of the University of California to exercise the power of eminent domain. Subdivision (a) does not affect or limit the exercise of the power of eminent domain by the Department of Fish and Wildlife pursuant to Section 1348 of the Fish and Game Code.

(c) (1) Any eminent domain proceeding commenced by the State Public Works Board for an acquisition for high-speed train system purposes prior to, and pending after, January 1, 2019, shall be deemed to have been commenced by the High-Speed Rail Authority, and the High-Speed Rail Authority shall be automatically substituted for the State Public Works Board as a party in any such action. All subsequent proceedings shall be in the name of the High-Speed Rail Authority. However, any misnomer not affecting the parties' substantial rights shall be disregarded. The court may order substitution at any time, but the absence of such an order does not affect the substitution.

(2) The State Public Works Board shall file with the court and serve on all parties to an action described in paragraph (1) a notice that the High-Speed Rail Authority is automatically substituted in place of the State Public Works Board and is the agency exercising the power of eminent domain on behalf of the state in the action.

SEC. 4.5. Section 830.34 of the Penal Code is amended to read:

830.34. The following persons are peace officers whose authority extends to any place in the state for the purpose of performing their primary duty or when making an arrest pursuant to Section 836 as to any public offense with respect to which there is immediate danger to person or property, or of the escape of the perpetrator of that offense, or pursuant to Section 8597 or 8598 of the Government Code. Those peace



officers may carry firearms only if authorized and under terms and conditions specified by their employing agency.

(a) Persons designated as a security officer by a municipal utility district pursuant to Section 12820 of the Public Utilities Code, or by the Northern California Energy Utility District pursuant to Section 10610 of the Public Utilities Code, if the primary duty of the officer is the protection of the properties of the utility district and the protection of the persons thereon.

(b) Persons designated as a security officer by a county water district pursuant to Section 30547 of the Water Code, if the primary duty of the officer is the protection of the properties of the county water district and the protection of the persons thereon.

(c) The security director of the public utilities commission of a city and county, if the primary duty of the security director is the protection of the properties of the commission and the protection of the persons thereon.

(d) Persons employed as a park ranger by a municipal water district pursuant to Section 71341.5 of the Water Code, if the primary duty of the park ranger is the protection of the properties of the municipal water district and the protection of the persons thereon.

SEC. 5. Section 224.3 of the Public Utilities Code is amended to read:

224.3. "Local publicly owned electric utility" means a municipality or municipal corporation operating as a "public utility" furnishing ~~electric~~ electrical service as provided in Section 10001, a municipal utility district furnishing ~~electric~~ electrical service formed pursuant to Division 6 (commencing with Section 11501), a public utility district furnishing ~~electric~~ electrical services formed pursuant to the Public Utility District Act set forth in Division 7 (commencing with Section 15501), an irrigation district furnishing ~~electric~~ electrical services formed pursuant to the Irrigation District Law set forth in Division 11 (commencing with Section 20500) of the Water Code, or a joint powers authority that includes one or more of these agencies and that owns generation or transmission facilities, or furnishes ~~electric~~ electrical services over its own or its member's ~~electric~~ electrical distribution system. "Local publicly owned electric utility" additionally includes the electrical service division of the Northern California Energy Utility District, once its formation is completed pursuant to Division 5.5 (commencing with Section 10500).

SEC. 6. The heading of Division 1.5 (commencing with Section 3300) of the Public Utilities Code is amended to read:

DIVISION 1.5. CALIFORNIA CONSUMER ~~POWER~~ ENERGY AND CONSERVATION FINANCING AUTHORITY ACT

SEC. 7. Section 3300 of the Public Utilities Code is amended to read:

3300. The Legislature finds and declares that in order to furnish the citizens of California with safe, reliable, affordable electrical power, service, to ensure sufficient ~~power electrical generation~~ reserves, to ~~assure~~ ensure stability and rationality in California's electricity market, to encourage energy efficiency and conservation as well as the use of renewable energy resources, and to protect the public health, welfare, and safety, the state needs to finance, purchase, including acquisition through eminent domain, lease, own, operate, acquire, or otherwise provide financial assistance for public and private facilities for the ~~generation and transmission~~ generation, transmission,



and distribution of electricity and for renewable energy, energy efficiency, and conservation programs.

SEC. 8. Section 3301 of the Public Utilities Code is amended to read:

3301. This division shall be known and may be cited as the California Consumer ~~Power~~ Energy and Conservation Financing Authority Act.

SEC. 9. Section 3302 of the Public Utilities Code is amended to read:

3302. As used in this division, unless the context otherwise requires, the following terms have the following meanings:

(a) "Act" means the California Consumer ~~Power~~ Energy and Conservation Financing Authority Act.

(b) "Authority" means the California Consumer ~~Power~~ Energy and Conservation Financing Authority established pursuant to Section 3320 and any board, commission, department, or officer succeeding to the functions thereof, or to whom the powers conferred upon the authority by this division shall be given by law.

(c) "Board" means the Board of Directors of the California Consumer ~~Power~~ Energy and Conservation Financing Authority.

(d) "Bond purchase agreement" means a contractual agreement executed between the authority and an underwriter or underwriters and, where appropriate, a participating party, whereby the authority agrees to sell bonds issued pursuant to this division.

(e) "Bonds" means bonds, including structured, senior, and subordinated bonds or other securities; loans; notes, including bond revenue or grant anticipation notes; certificates of indebtedness; commercial paper; floating rate and variable maturity securities; and any other evidences of indebtedness or ownership, including certificates of participation or beneficial interest, asset backed certificates, or lease-purchase or installment purchase agreements, whether taxable or excludable from gross income for state and federal income taxation purposes.

(f) "Cost," as applied to a program, project, or portion thereof financed under this division, means all or any part of the cost of construction, improvement, repair, reconstruction, renovation, and acquisition of all lands, structures, improved or unimproved real or personal property, rights, rights-of-way, franchises, licenses, easements, and interests acquired or used for a project; the cost of demolishing or removing or relocating any buildings or structures on land so acquired, including the cost of acquiring any lands to which the buildings or structures may be moved; the cost of all machinery and equipment; financing charges; the costs of any environmental mitigation; the costs of issuance of bonds or other indebtedness; interest prior to, during, and for a period after, completion of the project, as determined by the authority; provisions for working capital; reserves for principal and interest; reserves for reduction of costs for loans or other financial assistance; reserves for maintenance, extension, enlargements, additions, replacements, renovations, and improvements; and the cost of architectural, engineering, financial, appraisal, and legal services, plans, specifications, estimates, administrative expenses, and other expenses necessary or incidental to determining the feasibility of any project, enterprise, or program or incidental to the completion or financing of any project or program.

(g) "Enterprise" means a revenue-producing improvement, building, system, plant, works, ~~facilities, facility,~~ or undertaking used for or useful for the generation or production of ~~electric energy~~ electricity for lighting, heating, and power for public or private uses. Enterprise includes, but is not limited to, all parts of the enterprise, all



appurtenances to it, lands, easements, rights in land, water rights, contract rights, franchises, buildings, structures, improvements, equipment, and facilities appurtenant or relating to the enterprise.

(h) "Financial assistance" in connection with a project, enterprise or program, includes, but is not limited to, any combination of grants, loans, the proceeds of bonds issued by the authority, insurance, guarantees or other credit enhancements or liquidity facilities, and contributions of money, property, labor, or other things of value, as may be approved by resolution of the board; the purchase or retention of authority bonds, the bonds of a participating party for their retention or for sale by the authority, or the issuance of authority bonds or the bonds of a special purpose trust used to fund the cost of a project or program for which a participating party is directly or indirectly liable, including, but not limited to, bonds, the security for which is provided in whole or in part pursuant to the powers granted by this division; bonds for which the authority has provided a guarantee or enhancement; or any other type of assistance determined to be appropriate by the authority.

(i) "Fund" means the California Consumer ~~Power~~ Energy and Conservation Financing Authority Fund.

(j) "Loan agreement" means a contractual agreement executed between the authority and a participating party that provides that the authority will loan funds to the participating party and that the participating party will repay the principal and pay the interest and redemption premium, if any, on the loan.

(k) "Participating party" means either of the following:

(1) Any person, company, corporation, partnership, firm, federally recognized California Indian tribe, or other entity or group of entities, whether organized for profit or not for profit, engaged in business or operations within the state and that applies for financial assistance from the authority for the purpose of implementing a project or program in a manner prescribed by the authority.

(2) Any subdivision of the state or local government, including, but not limited to, departments, agencies, commissions, cities, counties, nonprofit corporations, special districts, assessment districts, and joint powers authorities within the state or any combination of these subdivisions, that has, or proposes to acquire, an interest in a project, or that operates or proposes to operate a program under Section 3365, and that makes application to the authority for financial assistance in a manner prescribed by the authority.

(l) "Program" means a program that provides financial assistance, as provided in Article 6 (commencing with Section 3365).

(m) "Project" means plants, facilities, equipment, appliances, structures, expansions, and improvements within the state that serve the purposes of this division as approved by the authority, and all activities and expenses necessary to initiate and complete those projects described in Article 5 (commencing with Section 3350) and Article 7 (commencing with Section 3368), of Chapter 3.

(n) "Revenues" means all receipts, purchase payments, loan repayments, lease payments, rents, fees and charges, and all other income or receipts derived by the authority from an enterprise, or by the authority or a participating party from any other financing arrangement undertaken by the authority or a participating party, including, but not limited to, all receipts from a bond purchase agreement, and any income or



revenue derived from the investment of any money in any fund or account of the authority or a participating party.

(o) "State" means the State of California.

SEC. 10. The heading of Chapter 2 (commencing with Section 3310) of Division 1.5 of the Public Utilities Code is amended to read:

CHAPTER 2. PURPOSE OF THE CALIFORNIA CONSUMER-POWER
ENERGY AND CONSERVATION FINANCING AUTHORITY

SEC. 11. Section 3310 of the Public Utilities Code is amended to read:

3310. The authority may only exercise its powers pursuant to Article 4 (commencing with Section 3340) of Chapter 3 for the following purposes:

(a) Establish, finance, purchase, lease, own, operate, acquire, or construct generating facilities and other projects and enterprises, on its own or through agreements with public and private third parties or joint ventures with public or private entities, or provide financial assistance for projects or programs by participating parties, to supplement private and public sector power supplies, taking into account generation facilities in operation or under development as of the effective date of this section, and to ensure a sufficient and reliable supply of electricity for California's consumers at just and reasonable rates.

(b) Finance programs, administered by the Energy Commission, the commission, and other approved participating parties for consumers and businesses to invest in cost-effective energy efficient appliances, renewable energy projects, and other programs that will reduce the demand for energy in California.

(c) Finance natural gas transportation and storage projects under Article 7 (commencing with Section 3368) of Chapter 3.

~~(d) Achieve an adequate energy reserve capacity in California within five years of the effective date of this division.~~

~~(e)~~

(d) Provide financing for owners of aged, inefficient, electric aged or inefficient electrical powerplants to perform necessary retrofits to improve the efficiency and environmental performances of those powerplants.

(e) Acquire by eminent domain the assets or ownership of an electrical corporation, gas corporation, or public utility that is both an electrical corporation and gas corporation, including any franchise rights, if that corporation has been convicted of one or more felony criminal violations of laws enacted to protect the public safety within 10 years of the date the eminent domain action is commenced. This acquisition by eminent domain shall constitute a change in ownership for purposes of Section 854.2, but shall not require the commission's approval. A local publicly owned energy utility may, consistent with its organizational documents, elect to join in an eminent domain action brought by the authority under this subdivision and shall be entitled to have the electrical or gas system, or both the electrical and gas systems, necessary to provide service within its borders transferred to it pursuant to subdivision (f) following its acquisition by the authority, provided that the local publicly owned energy utility contributes its proportionate share of the compensation paid for the assets or ownership of the public utility acquired by the authority as part of the eminent domain action. For



purposes of this section, a "local publicly owned energy utility" means any of the following:

(1) A municipal corporation that has a right to provide utility service pursuant to Section 9 of Article XI of the California Constitution or that is authorized to provide utility service pursuant to Division 5 (commencing with Section 10001).

(2) A municipal utility district formed pursuant to the Municipal Utility District Act (Division 6 (commencing with Section 11501)) and that is authorized by its organizational documents to provide electrical or gas service, or both.

(3) A public utility district formed pursuant to the Public Utility District Act (Division 7 (commencing with Section 15501)) and that is authorized by its organizational documents to provide electrical or gas service, or both.

(4) An irrigation district formed pursuant to the Irrigation District Law (Division 11 (commencing with Section 20500) of the Water Code), and that is authorized by its organizational documents to provide electrical service.

(5) A federally recognized California Indian tribe acting as sovereign to provide electrical or gas service, or both, to tribal lands.

(f) Transfer any assets or ownership interest acquired pursuant to subdivision (e) to the Northern California Energy Utility District formed pursuant to Division 5.5 (commencing with Section 10500) or to a local publicly owned energy utility that is authorized to assume the obligation to provide electrical service, gas service, or both, pursuant to subdivision (e). Until the transfer of a utility pursuant to this section is completed, the authority shall perform all management duties for the utility and operate the utility in trust. A local publicly owned energy utility to which the authority transfers the electrical or gas system, or both the electrical and gas systems, necessary to provide service within its borders shall assume the contracts of the public utility's employees that provide service within its borders, or shall contract with Northern California Energy Utility Services for the continued provision of services by those employees. If the local publicly owned energy utility assumes the contracts of the public utility's employees that provide service within its borders, it is subject to the requirements of a successor employer pursuant to Section 854.2.

SEC. 12. Section 3320 of the Public Utilities Code is amended to read:

3320. (a) There is hereby created in the state government the California Consumer-Power Energy and Conservation Financing Authority, which shall be responsible for administering this division.

(b) The authority shall implement the purposes of Chapter 2 (commencing with Section 3310), and to that end finance projects and programs in accordance with this division, all to the mutual benefit of the people of the state and to protect their health, welfare, and safety.

SEC. 13. Section 3325 of the Public Utilities Code is amended to read:

3325. (a) The authority shall be governed by a five-member board of directors that shall consist of the following persons:

(1) Four individuals appointed by the Governor, subject to confirmation by the Senate. These four members shall have considerable experience in ~~power generation, natural gas transportation or storage, providing electrical service, providing gas service,~~ energy conservation, financing, or ratepayer advocacy.

(2) The State Treasurer.



(b) (1) For the initial term, the appointed members shall serve staggered terms as follows:

- (A) The member appointed first shall serve a term of four years.
- (B) The member appointed second shall serve a term of three years.
- (C) The member appointed third shall serve a term of two years.
- (D) The member appointed fourth shall serve a term of one year.
- (2) The second and any subsequent terms shall be for four years.

(c) A quorum is necessary for any action to be taken by the board. Three of the members shall constitute a quorum, and the affirmative vote of three board members shall be necessary for any action to be taken by the board.

(d) (1) The chairperson of the board shall be appointed by the Governor. This position shall be a full-time, paid position.

(2) Except as provided in this subdivision, the members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties to the extent that reimbursement for these expenses is not otherwise provided or payable by another public agency, and shall receive one hundred dollars (\$100) for each full day of attending meetings of the authority.

SEC. 14. Section 3341 of the Public Utilities Code is amended to read:

3341. In connection with the purposes of this division, the authority may do any or all of the following:

(a) Issue bonds, from time to time, as further provided in Chapter 5 (commencing with Section 3380.1), to pay all or part of the cost of any enterprise, project, ~~or~~ program, or acquisition by eminent domain, or to otherwise carry out the purposes of this division.

(b) Enter into joint powers agreements with eligible public agencies pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code.

(c) Enter into an agreement for the transfer of any assets or ownership interest acquired pursuant to subdivision (e) of Section 3310 to the Northern California Energy Utility District formed pursuant to Division 5.5 (commencing with Section 10500) or to a local publicly owned energy utility authorized to assume the obligation to provide electrical service, gas service, or both electrical and gas service, as specified in Section 3310. It is the intent of the Legislature that the acquisition of any assets or ownership interest acquired pursuant to subdivision (e) of Section 3310 and the transfer of the assets or ownership interests be completed within five years of initiation of the eminent domain action. Any transfer shall include provisions preserving a dedicated rate component as security for any bonds issued by the authority to acquire the assets or ownership interest acquired pursuant to subdivision (e) of Section 3310.

(e)

(d) Subject to any statutory or constitutional limitation on their use, do any of the following as may, in the determination of the authority, be necessary or convenient for the successful development, conduct, or financing of a project, program, or enterprise, or for carrying out the purposes of this division:

(1) Engage the services, including, without limitation, the services of private consultants; attorneys; financial professionals and advisors; engineers; architects; construction, land use and environmental experts; and accountants, to render professional and technical assistance and advice.



(2) Contract for engineering, architectural, accounting, or other services of appropriate state agencies.

(3) Pay the reasonable costs, including, without limitation, costs of consulting engineers, architects, accountants, and construction, land use, and environmental experts employed by the authority or any participating party. Except as otherwise provided in Section 3341.5, those costs shall be recovered from participating parties.

(d)

(e) Acquire, lease, take title to, and sell by installment sale or otherwise, lands, structures, real or personal property, rights, rights-of-way, franchises, easements, and other interests in lands that are located within the state, as the authority determines to be necessary or convenient for an enterprise or the financing of a project, upon terms and conditions the authority considers to be reasonable.

(e)

(f) Make, receive, or serve as a conduit for the making of, or otherwise provide for, grants, contributions, guarantees, insurance, credit enhancements or liquidity facilities, or other financial enhancements to a participating party as financial assistance for a project or program. The sources may include bond proceeds, dedicated taxes, state appropriations, federal appropriations, federal grants and loan funds, public and private sector retirement system funds, and proceeds of loans from the Pooled Money Investment Account, or any other source of money, property, labor, or other things of value.

(f)

(g) Make loans to any participating party, either directly or by making a loan to a lending institution or other financial intermediary, in connection with the financing of a project or program in accordance with an agreement between the authority and a participating party, either as a sole lender or in participation with other lenders.

(g)

(h) Make loans to any participating party, either directly or by making a loan to a lending institution, in accordance with an agreement between the authority and the participating party to refinance indebtedness incurred by the participating party in connection with projects undertaken and completed prior to any agreement with the authority or expectation that the authority would provide financing, either as a sole lender or in participation with other lenders. The ~~power~~ electricity generated by those projects shall be subject to the terms and conditions specified by the authority in the agreement and pursuant to Section 3351.

(h)

(i) Mortgage all or any portion of the authority's interest in a project or enterprise and the property on which any project or enterprise is located, whether owned or thereafter acquired, including the granting of a security interest in any property, tangible or intangible.

(i)

(j) Assign or pledge all or any portion of the authority's interest in assets, things of value, mortgages, deeds of trust, bonds, bond purchase agreements, loan agreements, indentures of mortgage or trust, or similar instruments, notes, and security interests in property, tangible or intangible and the revenues therefrom, of a participating party to which the authority has made loans, and the revenues therefrom, including payment



or income from any interest owned or held by the authority, for the benefit of the holders of bonds.

(j)

(k) Lease the project being financed to a participating party, upon terms and conditions that the authority deems proper; charge and collect rents therefor; terminate any lease upon the failure of the lessee to comply with any of the obligations thereof; include in any lease, if desired, provisions that the lessee shall have options to renew the lease for a period or periods, and at rents determined by the authority; purchase any or all of the project; or, upon payment of all the indebtedness incurred by the authority for the financing of the project, the authority may convey, any or all of the project to the lessee or lessees. The power electricity generated by those projects shall be subject to the terms and conditions specified by the authority in the agreement and pursuant to Section 3351.

(l)

(1) Issue, obtain, or aid in obtaining, from any department or agency of the United States, from other agencies of the state, or from any private company, any insurance or guarantee to or for, or any letter or line of credit regarding, the payment or repayment of interest or principal, or both, or any part thereof, on any bond, loan, lease, or obligation or any instrument evidencing or securing the same, made or entered into pursuant to this division.

(2) Notwithstanding any other provision of this division, enter into any agreement, contract or other instrument regarding any insurance, guarantee, letter or line of credit specified in paragraph (1), and accept payment in the manner and form provided therein in the event of default by a participating party.

(3) Assign any insurance, guarantee, letter or line of credit specified in paragraph (1) as security for bonds issued by the authority.

(n)

(m) Enter into any agreement or contract, execute any instrument, and perform any act or thing necessary or convenient to, directly or indirectly, secure the authority's bonds or a participating party's obligations to the authority, including, but not limited to, bonds of a participating party purchased by the authority for retention or sale, with funds or moneys that are legally available and that are due or payable to the participating party by reason of any grant, allocation, apportionment, or appropriation of the state or agencies thereof, to the extent that the Controller shall be the custodian at any time of these funds or moneys, or with funds or moneys that are or will be legally available to the participating party, the authority, or the state or any agencies thereof by reason of any grant, allocation, apportionment, or appropriation of the federal government or agencies thereof; and in the event of written notice that the participating party has not paid or is in default on its obligations to the authority, direct the Controller to withhold payment of those funds or moneys from the participating party over which it is or will be custodian and to pay the same to the authority or its assignee, or direct the state or any agencies thereof to which any grant, allocation, apportionment, or appropriation of the federal government or agencies thereof is or will be legally available to pay the same upon receipt to the authority or its assignee, until the default has been cured and the amounts then due and unpaid have been paid to the authority or its assignee, or until arrangements satisfactory to the authority have been made to cure the default.

(m)



(n) Purchase, with the proceeds of the authority's bonds, bonds issued by, or for the benefit of, any participating party in connection with a project, pursuant to a bond purchase agreement or otherwise. Bonds purchased pursuant to this division may be held by the authority, pledged or assigned by the authority, or sold to public or private purchasers at public or negotiated sale, in whole or in part, separately or together with other bonds issued by the authority, and notwithstanding any other provision of law, may be bought by the authority at private sale.

(n)

(o) Enter into purchase and sale agreements with all entities, public and private, including state and local government pension funds, with respect to the sale or purchase of bonds.

SEC. 15. Section 3347 of the Public Utilities Code is repealed.

~~3347. The Bureau of State Audits shall perform an evaluation of the effectiveness of the authority's efforts in achieving its purposes as described in Section 3310. The evaluation shall include recommendations as to whether there is a continued need for the authority beyond January 1, 2007. The evaluation shall be submitted to the Governor and the Legislature on or before January 1, 2005.~~

SEC. 16. Section 3347 is added to the Government Code, to read:

3347. (a) The authority shall not impair any existing nonmanagement contracts with employees of a public utility, the assets or ownership of which is acquired through eminent domain pursuant to subdivision (e) of Section 3310. The authority shall have the responsibilities of a successor employer pursuant to Section 854.2 following acquisition of a public utility pursuant to subdivision (e) of Section 3310, until such time as Northern California Energy Utility Services is incorporated and fully operational, at which point in time, Northern California Energy Utility Services shall assume the responsibilities of a successor employer for all nonmanagement employees of the acquired public utility.

(b) The authority shall take the steps that are necessary to ensure the earliest possible incorporation of Northern California Energy Utility Services pursuant to the Nonprofit Public Benefit Corporation Law (Part 2 (commencing with Section 5110) of Division 2 of Title 1 of the Corporations Code). Northern California Energy Utility Services shall be governed by a seven-member governing board representing nonoverlapping districts of roughly equal population within the service territory of any public utility, the assets or ownership of which is acquired through eminent domain pursuant to subdivision (e) of Section 3310. The original board shall be appointed by the Governor, subject to confirmation by the Senate, for staggered terms with three of the initial members of the board serving a two-year term and four members serving a four-year term. The governing board of Northern California Energy Utility Services shall determine a process by which board members shall be selected by local governments within each district for terms following the initial two- and four-year terms.

(c) Upon acquiring a public utility through eminent domain pursuant to subdivision (e) of Section 3310, and once Northern California Energy Utility Services is incorporated and fully operational, the authority shall assign all nonmanagement employment contracts to Northern California Energy Utility Services and those employees shall become employees of Northern California Energy Utility Services upon that assignment. Northern California Energy Utility Services shall report to the



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authority with respect to any matter requested by the authority and the authority shall have the right to review and inspect all financial, safety, and work performance records of the corporation. Northern California Energy Utility Services shall not earn a rate of return and shall have a cost-plus-fixed-fee structure that may include performance incentives for providing service in a safe and reliable manner. The authority shall be authorized to provide directives to Northern California Energy Utility Services relative to the reporting of conditions that may pose safety risks to employees of the corporation and to the public and the reporting of any accidents.

(d) Until transfer of the utility to the Northern California Energy Utility District is completed, out of the rates collected by the authority on behalf of the public utility, the authority shall transfer sufficient moneys to Northern California Energy Utility Services to pay the salaries and benefits of all employees and independent contractors of Northern California Energy Utility Services and any other debts lawfully incurred by Northern California Energy Utility Services. Any moneys collected on behalf of the utility remaining after payments made to Northern California Energy Utility Services shall be used to pay the debts of the utility as they become due and for improvements to the utility's ability to provide safe and reliable service consistent with the requirements of law. Any balance remaining after all debts are paid shall be held in trust and transferred to the Northern California Energy Utility District once transfer of the utility is complete.

(e) The board of directors of Northern California Energy Utility Services shall do all the following:

(1) Ensure that the purposes and functions of Northern California Energy Utility Services are consistent with the purposes and functions of nonprofit, public benefit corporations in the state, including duties of care and conflict-of-interest standards for officers and directors of a corporation.

(2) Maintain open meeting standards and meeting notice requirements, consistent with the general policies of the Bagley-Keene Open Meeting Act (Article 9 (commencing with Section 11120) of Chapter 1 of Part 1 of Division 3 of Title 2 of the Government Code) and affording the public the greatest possible access, consistent with the other duties of Northern California Energy Utility Services. The governing board shall endeavor to make public engagement a core mission of Northern California Energy Utility Services.

(3) Provide public access to the records of Northern California Energy Utility Services, consistent with the general policies of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and affording the public the greatest possible access, consistent with the other duties of Northern California Energy Utility Services.

SEC. 17. Section 3348 is added to the Public Utilities Code, to read:

3348. (a) (1) Following completion of the acquisition of a public utility by the authority through eminent domain pursuant to subdivision (e) of Section 3310 and the authority assuming its duties as trustee of the utility, the Public Utilities Commission shall have no authority to establish or fix the rates and charges of the utility, to regulate the borrowing of money, to issue evidence of indebtedness, or to regulate the sale, lease, assignment, mortgage, or other disposal or encumbrance of property of the utility, but otherwise has that authority granted to the commission relative to the safe and reliable performance of utility services by an electrical or gas corporation until the



utility operations are fully transferred to the Northern California Energy Utility District and any applicable local publicly owned energy utility pursuant to subdivision (f) of Section 3310.

(2) Following the complete transfer of a utility to the district and any other applicable local publicly owned energy utility, the commission shall have authority over the district only to the extent the commission has been granted authority over other publicly owned electrical and gas utilities.

(b) Following completion of the acquisition of a public utility by the authority through eminent domain pursuant to subdivision (e) of Section 3310 and Northern California Energy Utility Services becoming functional pursuant to Section 3347, the Public Utilities Commission shall have no authority over the rates and charges paid to Northern California Energy Utility Services by the authority, by the Northern California Energy Utility District, or by a local publicly owned energy utility or as to the sale, lease, assignment, mortgage, or other disposal or encumbrance of property for its employees, but otherwise has that authority granted to the commission relative to the safe and reliable performance of utility services by an electrical or gas corporation.

SEC. 18. Section 3350 of the Public Utilities Code is amended to read:

3350. In evaluating the eligibility for financing of additional generation facilities, the authority shall utilize the Energy Commission's and the Independent System Operator's, or their ~~successor's~~, successors', information relating to the need for additional generating facilities and their forecasts of ~~electric~~ electricity supply and demand for the ~~state~~, state, and shall consider the commission's resource adequacy and integrated resource planning determinations made pursuant to Sections 380, 454.51, 454.52, 454.53, and 454.54.

SEC. 19. Section 3352 of the Public Utilities Code is repealed.

~~3352. In addition to the other powers provided in this division, the activities of the authority under this article are intended to supplement private and public sector power supplies, taking into account generation facilities in operation or under development as of the effective date of this section, consistent with achieving reasonable energy capacity reserves within five years of the effective date of this division.~~

SEC. 20. Section 3356 of the Public Utilities Code is amended to read:

3356. (a) If the authority determines under Section 3350 that additional ~~electric~~ electrical generation supply is required to meet the purposes of this division, the authority may undertake the following activities to ensure that the authority, or any participating party, is able to build, own, and operate generation facilities as part of a least cost ~~electric~~ electricity supply policy:

(1) Identify suitable sites for the construction of generation facilities, taking into account fuel supply, interconnection, community, and environmental factors.

(2) Secure rights to the sites identified, including, but not limited to, fee simple acquisition, leaseholds, or options.

(3) Conduct any studies that may be necessary to construct and operate generation facilities at the site, including, but not limited to, environmental, engineering, or feasibility studies.

(4) Conduct, in coordination with the Energy Commission, all applicable public and community involvement processes.



(5) Apply for permits, licenses, or other local, state, or federal approvals, including, but not limited to, compliance with the applicable procedures of the Energy Commission.

(b) The authority may request proposals from qualified participating parties to purchase, lease, or otherwise acquire sites for the purpose of developing generation facilities that will provide the lowest cost ~~power~~ electricity to consumers over the life of the facilities, consistent with Section 3351.

(c) The authority shall comply with all applicable air quality laws and regulations and the Warren-Alquist State Energy Resources Conservation and Development Act (Division 15 (commencing with Section 25000) of the Public Resources Code).

SEC. 21. Section 3365 of the Public Utilities Code is amended to read:

3365. The authority may provide loans, utilizing up to one billion dollars (\$1,000,000,000) of the bond authority, under terms and conditions approved by the authority, to any participating party, which shall use that loan to make loans available to California consumers and businesses for all of the following purposes:

(a) The purchase of consumer appliances and home improvements with ~~electric~~ electricity and gas energy efficiency or renewable energy characteristics, as approved by the Energy Commission, the commission, or a participating local publicly owned electric utility, as applicable.

(b) The purchase or lease of business equipment and facility improvements with ~~electric electricity~~ and gas energy efficiency or renewable energy characteristics, as approved by the Energy Commission, the commission, or a participating local publicly owned electric utility, as applicable.

(c) Any other ~~electric electricity~~ or natural gas energy conservation program or any program for the use of renewable energy resources, as approved by the Energy Commission, the commission, or a participating local publicly owned electric utility, as applicable.

SEC. 22. Article 8 (commencing with Section 3369) of Chapter 3 of Division 1.5 of the Public Utilities Code is repealed.

SEC. 23. Section 3370 of the Public Utilities Code is amended to read:

3370. (a) There is hereby created in the State Treasury the California Consumer ~~Power Energy~~ and Conservation Financing Authority Fund for expenditure by the authority for the purpose of implementing the objectives and provisions of this division. For the purposes of subdivision (e), or as necessary or convenient to the accomplishment of any other purpose of the authority, the authority may establish within the fund additional and separate accounts and subaccounts.

(b) The assets of the fund shall be available for the payment of the salaries and other expenses charged against it in accordance with this division.

(c) Except as provided under Section 3345, all moneys in the fund that are not General Fund moneys are continuously appropriated to the authority and may be used for any reasonable costs which may be incurred by the authority in the exercise of its powers under this division.

(d) The fund, on behalf of the authority, may borrow or receive moneys from the authority, or from any federal, state, or local agency or private entity, to create reserves in the fund as provided in this division and as authorized by the board.



(e) The authority may pledge any or all of the moneys in the fund (including in any account or subaccount) as security for payment of the principal of, and interest on, any particular issuance of bonds issued pursuant to this division.

(f) The authority, may, from time to time, direct the Treasurer to invest moneys in the fund that are not required for the authority's current needs, including proceeds from the sale of any bonds, in any securities permitted by law as the authority shall designate. The authority also may direct the Treasurer to deposit moneys in interest-bearing accounts in state or national banks or other financial institutions having principal offices in this state. The authority may alternatively require the transfer of moneys in the fund to the Surplus Money Investment Fund for investment pursuant to Article 4 (commencing with Section 16470) of Chapter 3 of Part 2 of Division 4 of the Government Code. All interest or other increment resulting from an investment or deposit shall be deposited in the fund, notwithstanding Section 16305.7 of the Government Code. Moneys in the fund shall not be subject to transfer to any other fund pursuant to any provision of Part 2 (commencing with Section 16300) of Division 4 of the Government Code, excepting the Surplus Money Investment Fund.

SEC. 24. Section 3380.1 of the Public Utilities Code is amended to read:

3380.1. For the purposes provided in this division, the authority is authorized to incur indebtedness and to issue securities of any kind or class, at public or private sale by the Treasurer, and to renew the same, provided that all such indebtedness, howsoever evidenced, shall be payable solely from revenues. The authority may issue bonds for the purposes of this division in an amount not to exceed five billion dollars ~~(\$5,000,000,000)~~, (\$), exclusive of any refundings. Any bonds issued by the authority solely to acquire the assets or ownership of a public utility pursuant to subdivision (e) of Section 3310, shall so recite and shall be secured by a dedicated rate component in the rates of the public utility acquired.

SEC. 25. Chapter 6 (commencing with Section 3384) of Division 1.5 of the Public Utilities Code is repealed.

SEC. 26. Division 5.5 (commencing with Section 10500) is added to the Public Utilities Code, to read:

DIVISION 5.5. NORTHERN CALIFORNIA ENERGY UTILITY DISTRICT ACT

CHAPTER 1. GENERAL PROVISIONS AND DEFINITIONS

10500. This division shall be known, and may be cited, as the Northern California Energy Utility District Act.

10501. Unless the context otherwise requires, the provisions of this article govern the construction of this division.

10502. Except as otherwise provided in this division, elections shall be held and conducted and the result ascertained, determined, and declared in all respects as nearly as practicable in conformity with the general election laws of the state.

10503. Except as otherwise provided in this division, all ordinances, summaries of ordinances, and notices that are required to be published shall be published once a week for two successive weeks (two publications) in a newspaper of general circulation published within the district and shall be posted on an internet website maintained by the district.



10504. Whenever the signature of any officer or employee of the district is authorized or required under the provisions of this division, except in the single instance provided in Section 10798, the signature may be made by the use of a plate bearing facsimiles of such signatures.

10510. "Board" means the board of directors of the district.

10511. "District" means the Northern California Energy Utility District.

10512. "Percent of the total vote cast," when used with reference to the requirements of any petition or nomination paper, means percent of the total vote cast, exclusive of vote by mail ballots, within the district at the last statewide general election.

10513. "Voter" means any elector who is registered under the Elections Code.

CHAPTER 2. FORMATION OF THE DISTRICT AND ELECTION OF DIRECTORS

10520. (a) The Northern California Energy Utility District is hereby created to provide electrical service and gas service to the service territory formerly serviced by any utility the assets or ownership of which were acquired pursuant to subdivision (e) of Section 3310 and not transferred to another local publicly owned energy utility.

(b) The district shall, by contract, acquire all rights and obligations for the provision of electrical and gas service acquired by the California Consumer Energy and Conservation Financing Authority through the use of eminent domain pursuant to subdivision (e) of Section 3310, subject to the right of a local publicly owned energy utility to elect to assume to provide electrical service, gas service, or both electrical and gas service within its geographical boundaries pursuant to subdivisions (e) and (f) of Section 3310.

10521. (a) The district shall be governed by a seven-person board of directors.

(b) The initial board shall be appointed by the Governor, subject to confirmation by the Senate. The first three members appointed shall serve a term of two years or until replaced after the first election for members of the board. The last four members appointed shall serve a term of four years or until replaced after the second election for members of the board, to be held two years after the first election.

(c) (1) The initial board shall, by resolution or ordinance, provide for the appointment of an independent redistricting commission, no member of which shall also be a member of the initial board or be a spouse or registered domestic partner of a member of the initial board.

(2) The independent redistricting commission shall be empowered to adopt boundaries for seven divisions, with one member of the board to be elected from each of the seven divisions. Using the latest federal decennial census as a basis, the independent redistricting commission shall adjust the boundaries of any divisions so that the divisions are, as far as practicable, equal in population and in compliance with Section 10301 of Title 52 of the United States Code, as amended, to the extent those provisions apply. In adjusting the boundaries of the divisions, the independent redistricting commission may give consideration to the following factors: (A) topography, (B) geography, (C) cohesiveness, contiguity, integrity, and compactness of territory, and (D) community of interests of the division.

(3) The independent redistricting commission shall hold at least three public hearings in diverse geographical locations within the district before adopting those division boundaries. The independent redistricting commission shall adopt those division



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boundaries not less than six months prior to the election to replace the first three appointed board members.

(4) The election to replace the first three appointed board members shall be the first general election occurring two years after the appointment of the first three members of the board. The election to replace the final four appointed board members shall be at the general election two years following the first election. Each member elected to the board shall serve a term of four years.

(5) No person may serve as a director of a division unless that person is a resident of that division.

(6) Only those persons registered to vote that reside in a division may vote in an election for director of that division.

(7) The board shall adjust division boundaries following each federal decennial census consistent with Chapter 8 (commencing with Section 22000) of Division 21 of the Elections Code.

(d) A quorum is necessary for any action to be taken by the board. Four of the members shall constitute a quorum and the affirmative vote of four members shall be necessary for any action to be taken by the board.

(e) Except as provided in this subdivision, the members of the board shall serve without compensation, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties to the extent that reimbursement for these expenses is not otherwise provided or payable by another public entity, and shall receive one hundred dollars (\$100) for each full day of attending meetings of the district.

10522. (a) Notice of the election of directors shall be published and no other notice of that election need be given.

(b) The notice of election shall refer to the divisions established by the independent redistricting commission or the board.

(c) Not more than 113 days prior to the election of directors, upon request, a county election official of a county within a division from which the candidate is seeking election shall issue nomination papers and all other forms required for nomination to the office of director.

(d) Except as otherwise provided in this division, the provisions of the Elections Code prescribed for independent nominations shall substantially govern the manner of appointment of circulators, the form of nomination papers and other forms, the securing of signatures, the filing of the candidate's declaration of candidacy, and all other things necessary to get the name of the candidate upon the ballot. At the time of issuance of nomination papers, the county elections official shall cause to be entered on the first page of each section of the nomination papers the name of the candidate and the office for which that person is a candidate. The county elections official shall imprint a stamp on the first page of each section of the nomination papers which reads "Official Filing Form," and shall affix the official's signature. The county elections official shall keep a list containing the name and address of each candidate, the office for which that person is a candidate, and the date on which the nomination papers were issued, which list shall be a public record.

(e) Circulators may obtain signatures to the nomination paper of any candidate at any time not more than 113 days nor less than 88 days prior to the election. Each section of the nomination papers shall bear the name of a division and only qualified voters of that division shall sign the section. Nomination papers shall be signed either



by 1 percent or by 10 of the registered voters from within the division, whichever is the lesser number, but in no event by more than 20 voters within the division. Nomination papers shall be filed with the county elections official of the county issuing the papers not more than 113 days nor less than 88 days before the date of the election and shall be examined by the county elections official. If nomination papers for an incumbent director are not filed by 5 p.m. on the 88th day before the election, the voters shall have until 5 p.m. on the 83rd day before the election to nominate candidates other than the incumbent for that office. As soon as possible under the circumstances, the county elections official shall determine the number of valid signatures. If there are less than 10 valid signatures, the county elections official shall notify the candidate of that fact, and shall accept additional valid signatures at any time prior to the close of the period for circulating nomination papers. Each candidate, at least 88 days prior to the election, shall file a sufficient candidate's declaration of candidacy with the county elections official with whom they filed the nomination papers. The county elections official shall certify the names of all candidates at least 76 days prior to the date of the election so that their names may be placed upon the ballot.

(f) The board shall in the notice, ordinance, or resolution calling an election consolidate it with the general election to be held at the same time in the respective counties in which the division is located and authorize the respective boards of supervisors to canvass the returns and certify the result of the canvass to the board. It shall be the duty of the board or boards of supervisors to so consolidate the election, canvass the returns, and cause the result thereof to be properly certified to the board of directors of the district. The election shall be held in all respects as if there were only one election, and only one ticket or ballot shall be used. When the county precinct boundaries do not coincide with the boundaries of the wards in the district, the board or boards of supervisors shall, for the purpose of the election only, reprecinct the territory in which the boundaries do not coincide, at least 30 days before the election.

(g) Upon receipt of the returns of the canvass by the respective boards of supervisors, the board shall meet and determine results of the election and declare the candidates elected.

(h) The secretary of the district shall issue certificates of election, signed by the secretary and duly authenticated, immediately following the determination of the result of the election by the board.

(i) The terms of directors shall commence on the first day of January next following their election.

10523. Vacancies on the board shall be filled as provided in this section:

(a) The remaining board members may fill the vacancy by appointment until the next district general election that is scheduled 90 or more days after the effective date of the vacancy. The appointment shall be made within a period of 60 days immediately subsequent to the effective date of the vacancy. A notice of a vacancy shall be posted in three or more conspicuous places in the district at least 15 days before the appointment is made.

(b) In lieu of making an appointment, the remaining members of the board may within 60 days of the vacancy call a special election to fill the vacancy. The person elected at the special election shall hold office for the remainder of the term in which the vacancy occurred.



(c) If within 90 days of the effective date of the vacancy, the remaining members of the board have not filled the vacancy by appointment and no election has been called for, the district shall call a special election to fill the vacancy.

(d) A person elected at an election to fill a position to which an appointment was made pursuant to this section shall take office immediately upon issuance of the certificate of election by the secretary of the district, after qualifying according to law, and shall hold office for the remainder of the term in which the vacancy occurs.

CHAPTER 3. POWERS AND DUTIES OF THE BOARD OF DIRECTORS

10530. The oath of office of directors shall be taken, subscribed, and filed with the secretary of the district at any time after the director has notice of having been elected or appointed, but not later than 15 days after the commencement of the director's term of office. No other filing is required.

10531. The board shall choose one of its members as president, and another as vice president, who shall be authorized to act for the president during the president's absence or disability, and shall provide for the time and place of holding its meetings, which shall be held at least once each month.

10532. The board is the legislative body of the district and determines all questions of policy.

10533. All matters and things necessary for the proper administration of the affairs of the district which are not provided for in this division shall be provided for by the board.

10534. The board shall supervise and regulate every utility owned and operated by the district, including the fixing of rates, rentals, charges, and classifications, and the making and enforcement of rules, regulations, contracts, practices, and schedules, for or in connection with any service, product, or commodity owned or controlled by the district.

10535. The board shall by resolution determine and create the number and character of positions as are necessary properly to carry on the functions of the district and shall establish an appropriate salary, salary range, or wage for each position so created. The board may by resolution abolish any position. Except as otherwise provided, appointments to positions shall be made by the general manager in accordance with the rules and practices established by the board.

10536. The board shall employ an expert who shall examine and report, at least annually, upon the system of accounts kept by the district.

10537. The salaries or wages of all officers and employees of the district shall be paid periodically as the board may prescribe. At the expiration of the period fixed for the payment of salaries or wages a payroll shall be prepared, showing all persons employed during the preceding salary period and stating the amount of compensation to which each person is entitled. Payment of the salary or wages of each person specified in the payroll may be made after approval of the payroll by the board or the general manager in accordance with rules adopted by the board.

10538. The board may provide, by resolution, under the terms and conditions as it sees fit, for the payment, without prior specific approval by the board, of demands against the district which relate to obligations incurred for purposes and within the amounts specified for those purposes in a projection of the district's operations for a



period of not longer than one year, if the demands are approved by the general manager. The projection shall be expressed in terms of the major groups of accounts in the system of accounts and shall be incorporated in the resolution.

10539. The board may, to facilitate the business of the district, provide for the creation and administration of revolving funds as the needs of the district may require. The aggregate amount of the revolving funds shall not exceed two hundred thousand dollars (\$200,000). The revolving funds shall be disbursed in accordance with the rules adopted by the board, and all payments from any revolving fund shall be reported to the board and vouchers filed therefor.

10540. If a legal holiday falls on a Saturday, the board may provide by resolution that the Friday preceding is a holiday within the district for the purpose of closing its offices and excusing its employees from work.

10541. The board may provide by resolution, if necessary to implement a memorandum of understanding adopted pursuant to Chapter 10 (commencing with Section 3500) of Division 4 of Title 1 of the Government Code, that the Friday following the Thursday in November appointed as Thanksgiving Day is a holiday within the district for the purpose of closing its offices and excusing its employees from work.

10543. (a) The members of the board shall be subject to the Political Reform Act of 1974 (Title 9 (commencing with Section 81000)) of the Government Code, and all other applicable law.

(b) The board may purchase insurance for its fiduciaries or for itself to cover liability or losses occurring by reason of the act or omission of a fiduciary, if the insurance permits recourse by the insurer against the fiduciary in the case of a breach of a fiduciary obligation by the fiduciary.

10544. The board shall do all of the following:

(a) Develop a transparent, prioritized capital investment plan to address infrastructure needs.

(b) Develop and implement a wildfire resilience capital plan.

(c) Maintain and, where needed, increase investments in vegetation management.

(d) Require, not less than twice a year, inspections of the entire transmission system.

(e) Require an annual accountability report of investments in the utility and their impacts.

(f) Invest in sectionalizing the transmission system to minimize the impacts of deenergization events.

(g) Develop and implement a transparent process for determining whether and when to begin a deenergization event.

(h) Facilitate investment in defensible space for residential and commercial buildings.

(i) Develop an energy usage policy to reduce emissions of greenhouse gases from the transportation sector and to otherwise advance the state's climate goals.

CHAPTER 4. MEETINGS, LEGISLATION, AND RECORDS

10545. Meetings of the board shall be open to the public and shall be conducted in accordance with the Ralph M. Brown Act (Chapter 9 (commencing with Section 54950) of Part 1 of Division 2 of Title 5 of the Government Code).



10546. The board may provide, by ordinance or resolution, that each director shall receive compensation in an amount not to exceed two hundred fifty dollars (\$250) per day for each day's attendance at public meetings of the board or for each day's service rendered as a director by request of the board, not exceeding a total of 10 days in any calendar month, together with any expenses incurred in the performance of the director's duties required or authorized by the board. The board may, by resolution or ordinance, increase the compensation per day by not more than 5 percent for each calendar year following the operative date of the last adjustment, commencing with the 2021 calendar year. No resolution or ordinance establishing compensation pursuant to this section shall provide for any automatic increase in that compensation. For purposes of this section, the determination of whether a director's activities on any specific day are compensable shall be made pursuant to Article 2.3 (commencing with Section 53232) of Chapter 2 of Part 1 of Division 2 of Title 5 of the Government Code. Reimbursement for these expenses is subject to Sections 53232.2 and 53232.3 of the Government Code.

10547. The acts of the board shall be expressed by motion, resolution, or ordinance. No ordinance, resolution, or motion shall have any validity or effect unless passed by the affirmative votes of at least four directors of the district.

10548. (a) No ordinance shall be passed by the board within five days of the day of its introduction or at any time other than a regular or adjourned regular meeting. All ordinances or summaries of ordinances shall be published after passage.

(b) The publication of ordinances, as required by subdivision (a), may be satisfied by either of the following actions:

(1) Within 15 days after adoption of the ordinance or amendment to an ordinance, the board of directors shall publish a summary of the ordinance or amendment with the names of those directors voting for and against the ordinance or amendment and the secretary shall post in the office of the secretary of the board of directors a certified copy of the full text of the adopted ordinance or amendment along with the names of those directors voting for and against the ordinance or amendment.

(2) If the general manager determines that it is not feasible to prepare a fair and adequate summary of the adopted ordinance or amendment, and if the board of directors so orders, within 15 days after adoption of the ordinance or amendment to an ordinance, a display advertisement of at least one-quarter of a page shall be published. The advertisement shall indicate the general nature of, and provide information about, the proposed or adopted ordinance or amendment, including information sufficient to enable the public to obtain copies of the complete text of the ordinance or amendment, and the names of those directors voting for and against the ordinance or amendment.

(c) Within 15 days after adoption of the ordinance or amendment to an ordinance, the general manager shall cause a summary of the ordinance or amendment with a uniform resource locator (URL) link to a copy of the full text of the adopted ordinance or amendment, along with the names of those directors voting for and against the ordinance or amendment, to be posted on an internet website maintained by the district.

10549. The enacting clause of all ordinances shall be as follows:

"Be it enacted by the board of directors of the Northern California Energy Utility District:"

10550. All ordinances shall be signed by the president of the board or the vice president, and attested by the secretary.



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10551. The district shall provide public access to corporate records, consistent with the general policies of the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1 of the Government Code) and affording the public the greatest possible access, consistent with the other duties of the district.

10552. The district shall develop a system to provide compensation for reasonable advocate's fees, reasonable expert witness fees, and other reasonable costs to public utility customers of participation or intervention in any proceeding of the district similar to the system for providing intervenor fees and expenses applicable to commission proceedings pursuant to Article 5 (commencing with Section 1801) of Chapter 9 of Part 1 of Division 1.

CHAPTER 5. OTHER OFFICERS

10560. The board shall appoint and fix the salary of a general manager, who shall have full charge and control of the construction of the works of the district and of their maintenance and operation, and also of the administration of the business affairs of the district.

10561. The board shall seek to appoint as general manager a person who has had experience in municipal engineering or in the construction or management of public utilities.

10562. The general manager need not be a resident of this state at the time of appointment.

10563. The general manager shall hold office for an indefinite term and may be removed by the board only upon the adoption of a resolution by the affirmative vote of not less than four members of the board. Before the general manager may be removed, the general manager shall, if the general manager demands it, be given a written statement of the reasons alleged for the removal and shall have the right to be publicly heard thereon at a meeting of the board prior to the final vote on the resolution providing for removal, but pending and during such hearing the board may suspend the general manager from office. The board may not reduce the salary of the general manager below the amount fixed at the time of the general manager's original appointment except upon the adoption of a resolution by a like vote and after a like opportunity to be heard. The action of the board in suspending or removing the general manager or reducing the general manager's salary, if approved by a majority of the membership of the board, is final.

10564. The board may appoint an accountant, a secretary, a treasurer, and an attorney, who shall hold office at the pleasure of the board.

10565. The attorney shall be admitted to practice law in the state, and shall have been actively engaged in the practice of the profession for not less than three years immediately preceding the appointment.

10566. The board may also provide for assistants to any officer of the district who shall hold office at the pleasure of the board and may perform any and all acts that their principal may perform, when authorized so to do by the board.

10567. The board may consolidate any of the district offices in one person.

10568. The oath of office of each appointive officer of the district shall be taken, subscribed, and filed with the secretary of the district at any time after the officer



has notice of the appointment but not later than 15 days after the commencement of the term of office. No other filing is required.

10569. Each appointive officer shall give any bond and in that amount as the board may require.

10570. The powers of the general manager are:

- (a) To see that all ordinances of the district are enforced.
- (b) To attend all meetings of the board and submit a general report of the affairs of the district.
- (c) To keep the board advised as to the needs of the district.
- (d) To prepare or cause to be prepared all plans and specifications for the construction of the works of the district.
- (e) Not to engage in any other compensated employment.
- (f) To perform those other and additional duties as the board may require.

10571. The general manager shall, within 90 days from the end of each fiscal year, cause to be published a summary of the financial report showing the result of operations for the preceding fiscal year and the financial status of the district on the last day thereof. The publication shall be made in the manner provided in this division for the publication of ordinances and notices generally.

10572. The attorney shall take charge of all suits and other legal matters to which the district is a party or in which it is legally interested. The attorney shall give any advice or opinion in writing whenever required by the board. The attorney shall be the legal adviser of the general manager and other district officers and shall prepare and approve the forms of all ordinances, resolutions, contracts, bonds, and other legal documents connected with the business of the district. The attorney shall perform those other and additional services as the board may require.

10573. The accountant shall install and maintain a system of auditing and accounting that shall completely and at all times show the financial condition of the district and provide reasonable assurance that the financial transactions of the district were executed in accordance with the instructions of the board. The accountant shall prepare all instruments necessary for the payment of demands against the district in accordance with the instructions of the board. The accountant shall perform those other duties as the board may require.

10574. The treasurer shall be the custodian of the funds of the district and shall make payments and execute instruments for the payment of demands against the district after determination by the accountant that the demands are authorized. The treasurer shall keep an account of all receipts and disbursements.

10575. (a) With the consent of the board, the treasurer may:

- (1) Authorize the trust department of any state or national bank, or a trust company authorized to act as such, to receive as the treasurer's agent deposits of any securities acquired by the district.
- (2) Place and maintain for safekeeping as a trust deposit with the trust department of any state or national bank, or a trust company authorized to act as such, any securities owned by the district.

(b) The bank or trust company selected shall have a total paid-in capital of at least one million dollars (\$1,000,000). The treasurer shall take from the trust department or trust company a receipt for the securities, and neither the treasurer nor the district is responsible for the custody and safe return of the securities until they are withdrawn



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from the trust department or trust company by the treasurer. Any trust department or trust company to which securities are delivered, either as agent or depository for the treasurer, shall make such disposition of the securities as the treasurer directs and is responsible only for strict compliance with written instructions given to it by the treasurer. All such securities are at all times subject to the order of the treasurer.

CHAPTER 6. INITIATIVE AND REFERENDUM

10580. The initiative and referendum provisions of Chapter 4 (commencing with Section 9300) of Division 9 of the Elections Code shall apply to the district.

CHAPTER 7. POWERS AND FUNCTIONS OF THE DISTRICT

Article 1. Corporate Power

10585. The district has perpetual succession and may adopt a seal and alter it at pleasure.

10586. The district may sue and be sued, except as otherwise provided by law, in all actions and proceedings, in all courts and tribunals of competent jurisdiction.

10587. (a) Except as specified in subdivision (b), any judicial action or proceeding against the district to attack, review, set aside, void, or annul an ordinance, resolution, or motion fixing or changing a rate or charge for electrical service furnished by the district shall be commenced within 120 days of the effective date of that ordinance, resolution, or motion.

(b) The statute of limitations specified in subdivision (a) does not apply to any judicial action or proceeding filed pursuant to Chapter 13.7 (commencing with Section 54999) of Part 1 of Division 2 of Title 5 of the Government Code to protest or challenge a rate or charge or to seek the refund of a capital facilities fee if the notice and disclosure requirements of Section 54999.35 of the Government Code have not been followed.

10588. The district may exercise the right of eminent domain to take any property necessary or convenient to the exercise of the powers granted in this division.

Article 2. Contracts

10589. The district may make contracts and enter into stipulations of any nature whatsoever, either in connection with eminent domain proceedings or otherwise, including, without limiting the generality of the foregoing, contracts and stipulations to indemnify and save harmless, to employ labor, and to do all acts necessary and convenient for the full exercise of the powers granted in this division.

10590. Neither the general manager nor any director of the district shall in any manner be interested, directly or indirectly, in any contract awarded or to be awarded by the board, or in the profits to be derived therefrom. Any violation of this provision is a misdemeanor, and conviction shall work a forfeiture of office. This section has no application to contracts awarded to corporations in which an officer owns less than one percent of the entire capital stock.

Article 3. Purchases



10591. (a) The purchase of all supplies and materials, when the expenditure required exceeds one hundred thousand dollars (\$100,000), shall be by contract let to the lowest responsible bidder. Notice requesting bids shall be published pursuant to Section 6061 of the Government Code at least 10 days before bids are received. The district may authorize the general manager to determine the lowest responsible bidder and to award a contract to that bidder. The district may reject any and all bids and readvertise in its discretion. The board may authorize the general manager to determine, in the discretion of the general manager, whether to reject all bids and whether, after the bids have been rejected, to readvertise.

(b) The dollar limit identified in subdivision (a) shall annually be adjusted upward or downward to reflect the percentage change in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services, as published by the United States Department of Commerce. The annual adjustments shall be rounded to the nearest one thousand dollars (\$1,000).

10592. (a) Notwithstanding Section 10591, when the expenditure for the purchase of supplies and materials exceeds one hundred thousand dollars (\$100,000) and the district determines that ratepayers reasonably can expect a net benefit in the cost of district services, the district may provide for the purchase of the supplies and materials by contract let in accordance with best value at the lowest cost acquisition policies adopted by the board pursuant to this section.

(b) The best value at the lowest cost acquisition policies adopted pursuant to subdivision (a) shall include the following:

- (1) Price and service level proposals that reduce the district's overall operating costs.
- (2) Supplies and materials standards that support the district's strategic supplies and materials acquisition and management program direction.
- (3) A procedure for protest and resolution.
- (c) For purposes of this section, "best value at the lowest cost acquisition" means a competitive procurement process whereby the award of a contract for supplies and materials may take into consideration any of the following factors:
 - (1) The total cost to the district of its use or consumption of supplies and materials.
 - (2) The operational cost or benefit incurred by the district as a result of the contract award.
 - (3) The value to the district of vendor-added services.
 - (4) The quality, effectiveness, and innovation of supplies, materials, and services.
 - (5) The reliability of delivery or installation schedules.
 - (6) The terms and conditions of product warranties and vendor guarantees.
 - (7) The financial stability of the vendor.
 - (8) The vendor's quality assurance program.
 - (9) The vendor's experience with the provision of supplies, materials, and services.
 - (10) The consistency of the vendor's proposed supplies, materials, and services with the district's overall supplies and materials procurement program.
 - (11) The economic benefits to the general community related to job creation or retention.



(d) The district shall ensure that all businesses have a fair and equitable opportunity to compete for, and participate in, district contracts and shall also ensure that discrimination in the award and performance of contracts does not occur on the basis of marital status, ancestry, medical condition, any characteristic listed or defined in Section 11135 of the Government Code, or retaliation for having filed a discrimination complaint in the performance of district contractual obligations.

10593. If after the bids have been rejected, the board determines and declares by a five-sevenths vote of all the members that in its opinion the materials and supplies may be purchased at a lower price in the open market, the board may proceed, or may authorize the general manager to proceed, to purchase the supplies and materials in the open market without further observance of the provisions requiring contracts, bids, or notice.

10594. In case of any great emergency, the board may, by resolution passed by a five-sevenths vote of all the members, declare and determine that an emergency exists, and thereupon proceed to expend sums or enter into contracts involving the expenditure of any sums needed in the emergency without observance of the provisions requiring contracts, bids, or notice.

Article 4. Property

10595. (a) The district may take by grant, purchase, gift, devise, or lease, or condemn in proceedings under eminent domain, or otherwise acquire, and hold and enjoy, real and personal property of every kind within or without the district necessary to the full or convenient exercise of its powers. The board may lease, mortgage, sell, or otherwise dispose of any real or personal property within or without the district when in its judgment it is for the best interests of the district so to do. The provisions of this section apply to all sales or mortgages heretofore or hereafter made.

(b) The district may destroy a record pursuant to Chapter 7 (commencing with Section 60200) of Division 1 of Title 6 of the Government Code.

Article 5. Utility Works and Service

10596. The district may acquire, construct, own, operate, control, or use, within or without, or partly within or partly without, the district, works or parts of works for supplying the inhabitants of the district and public agencies therein, or some of them, with electricity or gas, and may do all things necessary or convenient to the full exercise of the powers herein granted. The district may also purchase electricity or gas from any other utility district, public agency, person, or private company, and distribute the purchased community.

10597. The district may accept, without limitation by any other provisions of this division requiring approval of indebtedness, contributions of money, rights of way, labor, materials, and any other property for the construction, maintenance, and operation of any enterprise in which the district is authorized to engage, and may enter into any contracts and cooperate with and accept cooperation from the state, or any department, instrumentality, or agency thereof, or any public agency of the state in the construction, maintenance, and operation of, and in financing the construction, maintenance, and operation of, any enterprise.



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10598. Whenever there is a surplus of electricity or gas above that which is required by inhabitants or public agencies within a district, the district may sell or otherwise dispose of the surplus outside of the district to persons, firms, and public or private corporations, or public agencies outside the district.

10599. Whenever any of the facilities, works, or utilities of the district, or part thereof, is not used or employed to its fullest capacity for the benefit or requirements of the district or its inhabitants, the district may enter into an agreement with public agencies or any person, firm, or corporation, upon such terms and conditions as are satisfactory to the board, for renting, leasing, or otherwise using the available portion or parts of the facilities, works, or utilities, and in connection with any such agreement, renting, or leasing the district may undertake or perform any services incidental thereto.

10600. The district and any public agencies included therein may at any time enter into appropriate contracts for the use by any such public agencies of commodities or service furnished by any of the works acquired, owned, or operated, or authorized to be acquired, constructed, or completed by the district, or of any of the facilities of the district.

10601. The district may construct works across or along any street or public highway, or over any of the lands which are the property of the state, and it shall have the same rights and privileges appertaining thereto as are granted to municipalities within the state. The district shall restore any street or highway to its former state as near as may be, and in compliance with local ordinances, and shall not use it in a manner to unnecessarily impair its usefulness. A district may also construct its works across any stream or watercourse.

10602. (a) Notwithstanding Sections 53091 and 65402 of the Government Code, Section 12808 of this code, and Section 1469 of the Streets and Highways Code or any other law, the district shall not locate or construct any lines, for the transmission or distribution of electricity, including poles and other accessory structures, unless those facilities are approved pursuant to this section.

(b) The district shall hold a public hearing on proposed facilities that are subject to this section.

(1) Mailed notice of the public hearing shall be provided at least 10 days prior to the hearing, to the owners of all property within 300 feet of the route along which those facilities are proposed to be located.

(2) If mailed notice as required in paragraph (1) above would result in notice to more than 250 persons, as an alternative to such mailed notice, notice may be given by placing a display advertisement of at least one-fourth page in a newspaper of general circulation within the area affected by the proposed facility.

(c) After holding a hearing as provided in subdivision (b), the district shall submit any proposed facilities to the legislative body of each local agency in which the facilities are to be located. The legislative bodies shall conduct a public hearing, receive evidence, and, within 60 days, adopt a resolution approving, approving an alternative, or disapproving, the proposed facilities.

(d) Any resolution adopted pursuant to subdivision (c) shall contain findings concerning:

(1) The consistency of the proposed facilities with the local agency's general plan and applicable redevelopment and specific plans.

(2) Whether there are feasible alternatives to the proposal.



(3) Any other factors related to the public health, safety, and welfare as are included within the ordinance adopted by the local agency pursuant to subdivision (g).

(e) Failure of a legislative body to render a decision within 60 days shall be deemed to constitute an approval of the proposed facilities.

(f) Notwithstanding the provisions of subdivisions (c) to (e), inclusive, the governing board of the district by vote of five-sevenths of its members may render a local agency's decision inapplicable to proposed facilities if the district, at a publicly noticed hearing, determines by resolution that there is no feasible alternative to the district's proposal. Prior to adopting the resolution, the district shall read into the record the local agency's resolution. The board shall, within 10 days, notify the city or county concerned of this action. If the governing board has taken the action, the local agency may commence an action in the superior court of the county whose action is involved or in which is situated the city whose action is involved, seeking a review of the action of the governing board of the district to determine whether it was supported by substantial evidence. The evidence before the court shall include, but not be limited to, the record of the proceedings before the city, county, and local agency. The city or county shall cause a copy of the complaint to be served on the board. If the court determines that the action was not supported by substantial evidence, it shall declare it to be of no force and effect, and the local agency's decision shall be applicable to the proposed facilities.

(g) This section shall not apply to:

(1) Any facilities proposed to be located within any local agency that has not adopted an ordinance setting forth criteria to govern its decision pursuant to subdivision (c).

(2) Any electrical distribution lines of less than 100,000 volts.

(h) As used in this section, the term "feasible" means capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors.

(i) As used in this section, "local agency" means a city, a city and county, or a county. Within cities this section shall not apply to counties.

10603. The rates and charges for electrical or gas service furnished by a district shall be fixed by the board. As far as possible, the provision of electrical and gas service shall be self-supporting but the board is not required to fix a rate that in its opinion is unreasonably high, nor to cover by rates large expenditures and the interest thereon required for future needs and developments.

10604. The board may provide for the collection of rates or other charges in any lawful manner and may provide for collection by action at law, and all remedies for the collection and enforcement thereof are cumulative and may be pursued alternatively or consecutively as the board determines. In addition to the amount of the rates or other charges, the board may provide for a penalty of not more than 10 percent or interest at the prevailing prime interest rate, but not to exceed one and one-half percent per month, or both, in the event of nonpayment within the time and in the manner prescribed by the board, and may provide for collection of the penalty and interest.

10605. (a) Except when prohibited by Section 10614, the district may, by resolution or ordinance, require the owner of record of real property within the district to pay the fees, tolls, rates, rentals, or other charges for services rendered to a lessee,



tenant, or subtenant, and those fees, tolls, rates, rentals, and other charges that have become delinquent, together with interest and penalties thereon, are a lien on the property when a certificate is filed in the office of the county recorder pursuant to subdivision (b) and the lien has the force, effect, and priority of a judgment lien. No lien may be created under this section on any publicly owned property.

(b) A lien pursuant to this section attaches when the district files for recordation in the office of the county recorder a certificate specifying the amount of the delinquent fees, tolls, rates, rentals, or other charges together with interest and penalties thereon; the name of the owner of record of the property to which services were rendered by the district; and the legal description of the property. Within 30 days of receipt of payment of all amounts due, including recordation fees paid by the district, the district shall file for recordation a release of the lien.

(c) The district may, by resolution or ordinance, provide that any delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, may be collected on the tax roll in the same manner as property taxes. Before the district may collect any delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant on the tax roll, the district shall prepare a report, provide notice, conduct a public hearing, and file a certificate in the office of the county recorder, as follows:

(1) The general manager shall prepare and file with the district board of directors a report that describes each affected parcel of real property and the amount of the delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant for each affected parcel for the year. The general manager shall give notice of the filing of the report and of the time, date, and place for a public hearing by publishing the notice pursuant to Section 6066 of the Government Code in a newspaper of general circulation, and by mailing the notice to the owner of each affected parcel at least 14 days prior to the date of the hearing.

(2) At the public hearing, the board of directors shall hear and consider any objections or protests to the report. At the conclusion of the public hearing, the board of directors may adopt or revise the delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant. The board of directors shall make its determination on each affected parcel and its determinations shall be final.

(3) On or before August 10 of each year following these determinations, the general manager shall file with the county auditor a copy of the final report adopted by the board of directors. The county auditor shall enter the amount of the delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, against each of the affected parcels of real property as they appear on the current assessment roll. The county tax collector shall include the amount of the delinquent fees, tolls, rates, rentals, or charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, on the tax bills for each affected



parcel of real property and collect the delinquent fees, tolls, rates, rentals, or charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, in the same manner as property taxes.

(4) The district may recover any delinquent fees, tolls, rates, rentals, or other charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, by recording in the office of the county recorder of the county in which the affected parcel is located, a certificate declaring the amount of the delinquent fees, tolls, rates, rentals, or charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, due, and the name and last known address of the person liable therefor. From the time of recordation of the certificate, the amount of the delinquent fees, tolls, rates, rentals, or charges, together with interest and penalties thereon, including any delinquent fees, tolls, rates, rentals, or other charges for services rendered to a lessee, tenant, or subtenant, constitutes a lien against the affected real property of the delinquent property owner in that county. This lien shall have the force, effect, and priority of a judgment lien. Within 30 days of receipt of payment of all amounts due, including recordation fees paid by the district, the district shall file for recordation a release of the lien.

(5) The district shall not recover on the tax roll any delinquent fees, tolls, rates, rentals, or other charges for services for commercial use to a commercial tenant under an account established by the commercial tenant, from any subsequent tenant or the property owner, due to nonpayment of charges by a previous commercial tenant. For this purpose, the term "subsequent commercial tenant" shall not include an entity or adult person that was located at the same address during the period the charges or penalties accrued. This paragraph does not apply to master-metered accounts.

(d) Notwithstanding Sections 6103 and 27383 of the Government Code, in filing any instrument, paper, or notice pursuant to this section, the district shall pay all applicable recording fees prescribed by law.

(e) A district shall reimburse the county for the reasonable expenses incurred by the county pursuant to this section.

(f) The remedies in this section are cumulative and in addition to any other remedy provided by law. The district may pursue remedies alternatively or consecutively.

(g) This section does not apply to delinquent fees or charges for the furnishing of electrical service.

10606. (a) The district may establish a temporary relief program for assistance to needy customers of the district who are financially unable to pay in full bills for services furnished by the district within the normal period for payment thereof, and may expend funds, enter into contracts, and cooperate with and accept cooperation from any state or local public agency or private nonprofit organization in the implementation of that program.

(b) As used in this section, "needy" means either of the following:

(1) A household with an income that does not exceed the greater of either (A) an amount equal to 150 percent of the poverty level of this state, as determined pursuant



to paragraph (2) of subdivision (e) of Section 16367.5 of the Government Code, or (B) an amount equal to 60 percent of the state median income.

(2) A household with an income that meets guidelines for existing public assistance programs funded by the federal government.

10607. The district may, through contract or otherwise, construct, maintain, improve, and operate public recreational facilities appurtenant to any water reservoir owned or operated by the district, and the district may expend funds on such public recreational facilities.

10608. (a) The district shall expend no funds for advertising when the advertising encourages increased consumption of electricity or gas.

(b) Nothing in this section shall prohibit the district from expending funds for advertising that encourages the more efficient operation of the facilities, works, or utilities of the district, or for advertising which encourages the more efficient use of electricity or gas, the conservation of energy or natural resources, or presents accurate information on the economical purchase, maintenance, or use of any appliance or device using electricity or gas.

(c) Nothing in this section prohibits the district from expending funds for advertising for the purposes of economic development that benefits ratepayers, retaining customers, marketing competitive services and commodities, or promoting electrotechnologies that enhance productivity or provide environmental benefits, within or without the district.

10609. Whenever a business transaction of the district requires a personal appearance by a person and that person is unable to appear at the district's place of business during the district's usual business hours, then the district shall provide a reasonable and convenient alternative to the person, such as an appointment outside the district's usual business hours or allowing the person to conduct the transaction by telephone, mail, or over the internet or another electronic means of communication.

10610. (a) The district may employ a suitable security force. The employees of the district that are designated by the general manager as security officers shall have the authority and powers conferred by subdivision (a) of Section 830.34 of the Penal Code upon peace officers. The district shall adhere to the standards for recruitment and training of peace officers established by the Commission on Peace Officer Standards and Training pursuant to Title 4 (commencing with Section 13500) of Part 4 of the Penal Code.

(b) Every security officer employed by the district shall conform to the standards for peace officers of the Commission on Peace Officer Standards and Training. Any officer who fails to conform to these standards shall not continue to have the powers of a security officer.

10611. (a) Whenever residential electrical or gas service is furnished through a submeter system by a master-meter customer for sale to users who are tenants of a mobilehome park, apartment building, or similar residential complex, the master-meter customer is responsible for maintenance and repair of its submeter facilities beyond the master meter, and nothing in this section requires the district to make repairs to or perform maintenance on the submeter system.

(b) Every master-meter customer shall provide an itemized billing of charges for electricity and gas to each individual user generally in accordance with the form and content of bills of the district to its residential customers, including, but not limited



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to, the opening and closing readings for the meter, and the identification of all rates and quantities under the applicable rate structure. The master-meter customer shall charge each user of the service at a rate that does not exceed the rate that would be applicable if the user were receiving residential electrical or gas service directly from the district. The master-meter customer shall also post, in a conspicuous place, the applicable prevailing residential rate schedule, as published by the district.

(c) The district shall notify each master-meter customer of its responsibilities to its users pursuant to this section.

10612. (a) This section applies if there is a landlord-tenant relationship between the residential occupants and the owner, manager, or operator of the dwelling.

(b) If the district furnishes individually metered residential electrical or gas service to residential occupants in a detached single-family dwelling, multiunit residential structure, mobilehome park, or permanent residential structure in a labor camp, as defined in Section 17008 of the Health and Safety Code, and the owner, manager, or operator of the dwelling, structure, or park is the customer of record of the service, the district shall make every good faith effort to inform the residential occupants, by means of written notice, when the account is in arrears, that service will be terminated in 10 days. The written notice shall further inform the residential occupants that they have the right to become customers of the district without being required to pay the amount due on the delinquent account. The notice shall be in English and in the languages listed in Section 1632 of the Civil Code.

(c) The district is not required to make service available to the residential occupants unless each residential occupant agrees to the terms and conditions of service, and meets the requirements of the district's rules. However, if one or more of the residential occupants are willing and able to assume responsibility for the subsequent charges to the account to the satisfaction of the district, or if there is a physical means, legally available to the district, of selectively terminating service to those residential occupants who have not met the requirements of the district's rules, the district shall make service available to the residential occupants who have met those requirements.

(d) If prior service for a period of time is a condition for establishing credit with the district, residence and proof of prompt payment of rent or other credit obligation acceptable to the district for that period of time is a satisfactory equivalent.

(e) Any residential occupant who becomes a customer of the district pursuant to this section whose periodic payments, such as rental payments, include charges for residential electrical or gas service, where these charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the district for those services during the preceding payment period.

10613. (a) If the district furnishes electricity or gas to residential occupants through a master meter in a multiunit residential structure, mobilehome park, or permanent residential structures in a labor camp, as defined in Section 17008 of the Health and Safety Code, and the owner, manager, or operator of the structure or park is listed by the district as the customer of record of the service, the district shall make every good faith effort to inform the residential occupants, by means of a written notice posted on the door of each residential unit at least 15 days prior to termination, when the account is in arrears, that service will be terminated on a date specified in the notice. If it is not reasonable or practicable to post the notice on the door of each residential unit, the district shall post two copies of the notice in each accessible common area



and at each point of access to the structure or structures. The notice shall further inform the residential occupants that they have the right to become customers, to whom the service will then be billed, of the district without being required to pay the amount due on the delinquent account. The notice also shall specify, in plain language, what the residential occupants are required to do in order to prevent the termination or reestablish service, the estimated monthly cost of service, the title, address, and telephone number of a representative of the district who can assist the residential occupants in continuing service, and the address and telephone number of a legal services project, as defined in Section 6213 of the Business and Professions Code, that has been recommended by the local county bar association. The notice shall be in English and in the languages listed in Section 1632 of the Civil Code.

(b) The district is not required to make service available to the residential occupants unless each residential occupant or a representative of the residential occupants agrees to the terms and conditions of service, and meets the requirement of law and the district's rules. However, if one or more of the residential occupants or the representative of the residential occupants are willing and able to assume responsibility for subsequent charges to the account to the satisfaction of the district, or if there is a physical means, legally available to the district, of selectively terminating service to those residential occupants who have not met the requirements of the district's rules or for whom the representative of the residential occupants is not responsible, the district shall make service available to the residential occupants who have met those requirements or on whose behalf those requirements have been met.

(c) If prior service for a period of time, or other demonstration of credit worthiness is a condition for establishing credit with the district, residence and proof of prompt payment of rent or other credit obligation during that period of time acceptable to the district is a satisfactory equivalent.

(d) Any residential occupant who becomes a customer of the district pursuant to this section whose periodic payments, such as rental payments, include charges for electricity or gas, where these charges are not separately stated, may deduct from the periodic payment each payment period all reasonable charges paid to the district for those services during the preceding payment period.

(e) If a district furnishes residential service subject to subdivision (a), the district may not terminate that service in any of the following situations:

(1) During the pendency of an investigation by the district of a customer dispute or complaint.

(2) If the customer has been granted an extension of the period for payment of a bill.

(3) For an indebtedness owed by the customer to any other public agency or when the obligation represented by the delinquent account or other indebtedness was incurred with any public agency other than the district.

(4) If a delinquent account relates to another property owned, managed, or operated by the customer.

(5) If a public health or building officer certifies that termination would result in a significant threat to the health or safety of the residential occupants or the public.

(f) In addition to any other remedy provided by law, if the owner, operator, or manager, by any act or omission, directs, permits, or fails to prevent a termination of electrical or gas service while any residential unit is occupied, the residential occupant



or the representative of the residential occupants may commence an action for the recovery of all of the following:

(1) Reasonable costs and expenses incurred by the residential occupant or the representative of the residential occupants related to restoration of service.

(2) Actual damages related to the termination of service.

(3) Reasonable attorney's fees of the residential occupants, the representative of the residential occupants, or each of them, incurred in the enforcement of this section, including, but not limited to, enforcement of a lien.

(g) (1) In addition to any other remedy provided by law, if the owner, manager, or operator, by any act or omission, directs, permits, or fails to prevent a termination of electrical or gas service while any residential unit receiving that service is occupied, the district may commence an action for the recovery of all of the following:

(A) Delinquent charges accruing prior to the expiration of the notice prescribed by subdivision (a).

(B) Reasonable costs incurred by the district related to the restoration of service.

(C) Reasonable attorney's fees of the district incurred in the enforcement of this section or in the collection of delinquent charges, including, but not limited to, enforcement of a lien.

(2) If the court finds that the owner, manager, or operator has paid the amount in arrears prior to termination, the court shall allow no recovery of any charges, costs, damages, expenses, or fees under this subdivision from the owner, manager, or operator.

(3) An abstract of any money judgment entered pursuant to subdivision (f) or this subdivision shall be recorded pursuant to Section 697.310 of the Code of Civil Procedure.

(h) No termination of service subject to this section may be effected without compliance with this section, and any service wrongfully terminated shall be restored without charge to the residential occupants or customer for the restoration of electrical or gas service. In the event of a wrongful termination by the district, the district shall, in addition, be liable to the residential occupants or customer for actual damages resulting from the termination and for the costs of enforcement of this section, including, but not limited to, reasonable attorney's fees, if the residential occupants or the representative of the residential occupants make a good faith effort to have the service continued without interruption.

(i) The district shall adopt rules and regulations necessary to implement this section and shall liberally construe this section to accomplish its purpose of ensuring that service to the residential occupants is not terminated due to nonpayment by the customer unless the district has made every reasonable effort to continue service to the residential occupants. The rules and regulations shall include, but are not limited to, guidelines for assistance to actual users in the enforcement of this section and requirements for the notice prescribed by subdivision (a), including, but not limited to, clear wording, large and boldface type, and comprehensive instructions to ensure full notice to the actual user.

(j) Nothing in this section broadens or restricts any authority of a local agency that existed prior to January 1, 1989, to adopt an ordinance protecting a residential occupant from the involuntary termination of residential public utility service.

(k) This section preempts any statute or ordinance permitting punitive damages against any owner, manager, or operator on account of an involuntary termination of



residential public utility service or permitting the recovery of costs associated with the formation, maintenance, and termination of a tenant's association.

(I) For purposes of this section, "representative of the residential occupants" does not include a tenants' association.

10614. (a) A decision by the district to require a new residential applicant to deposit a sum of money with the district prior to establishing an account and furnishing service shall be based solely upon the creditworthiness of the applicant as determined by the district.

(b) The district, in furnishing electrical or gas services for residential use to a tenant under an account established by the tenant, shall not seek to recover any charges or penalties for the furnishing of services to, or for the tenant's residential use from, any subsequent tenant or the property owner due to nonpayment of charges by a previous tenant. For this purpose, the term "subsequent tenant" shall not include any adult person who lived at the residence during the period that the charges or penalties accrued. The district may collect a deposit from the tenant service applicant prior to establishing an account for the tenant. The district may not require that service to subsequent tenants be furnished on the account of the landlord or property owner unless the property owner voluntarily agrees to that requirement, nor may the district refuse to furnish services to a tenant in the tenant's name based on the nonpayment of charges by a previous tenant.

(c) The district shall not demand or receive security in an amount that exceeds twice the estimated average periodic bill or three times the estimated average monthly bill.

(d) In the event of tenant nonpayment of all or a portion of the bill, the deposit shall be applied to the final bill issued when service is terminated.

(e) This section shall not apply to master-metered apartment buildings.

10615. (a) The district shall not terminate residential service for nonpayment of a delinquent account unless the district first gives notice of the delinquency and impending termination, as provided in Section 10616 and when required pursuant to Sections 10612 and 10613.

(b) The district shall not terminate residential service for nonpayment in any of the following situations:

(1) During the pendency of an investigation by the district of a customer dispute or complaint.

(2) When a customer has been granted an extension of the period for payment of a bill.

(3) On the certification of a licensed physician and surgeon that to do so will be life threatening to the customer and the customer is financially unable to pay for service within the normal payment period and is willing to enter into an amortization agreement with the district pursuant to subdivision (e) with respect to all charges that the customer is unable to pay prior to delinquency.

(c) Any residential customer who has initiated a complaint or requested an investigation within five days of receiving the disputed bill, or who has, within 13 days of mailing of the notice required by subdivision (a), made a request for extension of the payment period of a bill asserted to be beyond the means of the customer to pay in full during the normal period for payment, shall be given an opportunity for review of the complaint, investigation, or request by a review manager of the district. The



review shall include consideration of whether the customer shall be permitted to amortize the unpaid balance of the account over a reasonable period of time, not to exceed 12 months. No termination of service shall be effected for any customer complying with an amortization agreement, if the customer also keeps the account current as charges accrue in each subsequent billing period.

(d) Any customer whose complaint or request for an investigation pursuant to subdivision (c) has resulted in an adverse determination by the district may appeal the determination to the board. Any subsequent appeal of the dispute or complaint to the board is not subject to this section.

(e) Any customer meeting the requirements of paragraph (3) of subdivision (b) shall, upon request, be permitted to amortize, over a period not to exceed 12 months, the unpaid balance of any bill asserted to be beyond the means of the customer to pay within the normal period for payment.

10616. (a) The district shall not terminate residential service on account of nonpayment of a delinquent account unless the district first gives notice of the delinquency and impending termination, at least 10 days prior to the proposed termination, by means of a notice mailed, postage prepaid, to the customer to whom the service is billed not earlier than 19 days from the date of mailing the district's bill for services, and the 10-day period shall not commence until five days after the mailing of the notice.

(b) The district shall make a reasonable attempt to contact an adult person residing at the premises of the customer by telephone or personal contact, at least 24 hours prior to any termination of service, except that, whenever telephone or personal contact cannot be accomplished, the district shall give, by mail, in person, or by posting in a conspicuous location at the premises, a notice of termination of service at least 48 hours prior to termination.

(c) The district shall make available to its residential customers who are 65 years of age or older, or who are dependent adults as defined in Section 15610.23 of the Welfare and Institutions Code, a third-party notification service, whereby the district will attempt to notify a person designated by the customer to receive notification when the customer's account is past due and subject to termination. The notification shall include information on what is required to prevent termination of service. The residential customer shall make a request for third-party notification on a form provided by the district, and shall include the written consent of the designated third party. The third-party notification does not obligate the third party to pay the overdue charges, nor shall it prevent or delay termination of service.

(d) (1) Every notice of termination of service pursuant to subdivision (a) shall include all of the following information:

(A) The name and address of the customer whose account is delinquent.

(B) The amount of the delinquency.

(C) The date by which payment or arrangement for payment is required in order to avoid termination.

(D) The procedure by which the customer may initiate a complaint or request an investigation concerning service or charges, except that, if the bill for service contains a description of that procedure, the notice pursuant to subdivision (a) is not required to contain that information.



(E) The procedure by which the customer may request amortization of the unpaid charges.

(F) The procedure for the customer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.

(G) The telephone number of a representative of the district who can provide additional information or institute an arrangement for payment.

(2) Every notice of termination of service pursuant to subdivision (b) shall include the items of information in subparagraphs (A), (B), (C), (F), and (G) of paragraph (1).

(3) All written notices shall be in a clear and legible format.

(e) If a residential customer fails to comply with an amortization agreement, the district shall not terminate service without giving notice to the customer at least 48 hours before termination of the conditions the customer is required to meet to avoid termination, but the notice does not entitle the customer to further investigation by the district.

(f) A termination of service shall not be effected without compliance with this section. Any service wrongfully terminated shall be restored without charge for the restoration of service, and a notation thereof shall be mailed to the customer at the customer's billing address.

10617. The district shall not, by reason of delinquency in payment for services, cause cessation of electrical or gas service on any Saturday, Sunday, legal holiday, or at any time during which the business offices of the district are not open to the public.

10618. The district may engage in activities to reduce wasteful, uneconomical, or unnecessary uses of electricity or gas, including, but not limited to, public information programs, the sale of insulation, the sale, rental, and lease of materials or equipment for the purpose of conserving energy or reducing the need for the installation of electrical generating facilities, and the adoption of voluntary and mandatory load management programs, and may also engage in activities to accelerate and participate in the development of alternative sources of energy including, but not limited to, the supply of equipment for use in connection therewith, and may do all things necessary or convenient to the full exercise of the powers herein granted. The interest rates charged on extended payment contracts for those materials or equipment shall not exceed that necessary to cover the district's full cost of money plus its administrative costs and anticipated losses due to nonpayment on those contracts.

10619. The district shall comply with Section 8029.5.

10620. The district may engage in programs to encourage economic development that benefits its ratepayers.

10621. (a) (1) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code) shall not be applicable to the district's acquisition of electrical and gas utility services from the California Consumer Energy and Conservation Financing Authority.

(2) The Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 shall govern acquisition by the district of additional service territories that were not formerly serviced by a public utility prior to its acquisition by eminent domain by the California Consumer Energy and Conservation Financing Authority pursuant to subdivision (e) of Section 3310.

(b) (1) The California Environmental Quality Act (Division 13 (commencing with Section 21000) of the Public Resources Code), shall not be applicable to the



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district's acquisition of electrical and gas utility services from the California Consumer Energy and Conservation Financing Authority.

(2) The California Environmental Quality Act is applicable to a project undertaken by the district following its acquisition of electrical and gas utility services from the California Consumer Energy and Conservation Financing Authority.

10622. (a) The district shall authorize customers within its service territory to enter into direct transactions for electric service if the customer would be eligible to enter into a direct transaction if the territory were being served by an electrical corporation. The district may adopt rules consistent with those rules adopted by the commission pursuant to Article 6 (commencing with Section 360) of Chapter 2.3 of Part 1 of Division 1 for customers to enter into direct transactions. The commission retains its consumer protection and other authority over electric service providers providing electric service to direct access customers within the service territory of the district.

(b) Noncore customers within the service territory of the district may contract to have natural gas purchased and supplied by another entity than the district consistent with those rules established by the commission pursuant to Chapter 2.2 (commencing with Section 328) of Part 1 of Division 1.

10623. The authority of a community choice aggregator to provide electric service within the service territory of the district shall remain as if the district were an electrical corporation.

Article 6. Claims

10630. All claims for money or damages against the district are governed by Part 3 (commencing with Section 900) and Part 4 (commencing with Section 940) of Division 3.6 of Title 1 of the Government Code except as provided therein, or by other statutes or regulations expressly applicable to those claims.

Article 7. Indebtedness

10635. The district may borrow money and incur indebtedness, and may issue bonds or other evidences of indebtedness. No indebtedness shall be incurred exceeding the ordinary annual income and revenue of the district without the approval of two-thirds of the voters voting on the proposition to incur the indebtedness except as follows:

(a) A further vote of the voters is not required for any indebtedness incurred within the purposes and not exceeding the available amount of any previously authorized bond issue, and as to that indebtedness the proceeds of any of the bonds unexpended in the treasury of the district, or the par value of any of the bonds that are unsold shall be deemed a part of the ordinary annual income and revenue of the district.

(b) If the district adopts rules requiring applicants for extensions to advance the expenses of the extensions and facilities for serving additional territory may enter into agreements to refund to the applicants in a subsequent year the whole or any part of the expenses so advanced, and the refunds may be paid out of the revenues of subsequent years.

10636. The district may accept, without limitation by any other provisions of this division requiring approval of indebtedness, contributions or loans from the United



States, or any department, instrumentality, or agency thereof, for the purpose of financing the construction, maintenance, and operation of any enterprise in which the district is authorized to engage, and may enter into contracts and cooperate with, and accept cooperation from, the United States, or any department, instrumentality, or agency thereof, in the construction, maintenance, and operation, and in financing the construction, maintenance, and operation, of any such enterprise in accordance with any legislation that Congress may have heretofore adopted or may hereafter adopt, under which aid, assistance, and cooperation may be furnished by the United States in the construction, maintenance, and operation or in financing the construction, maintenance, and operation of any such enterprise. The district may do any and all things necessary in order to avail itself of that aid, assistance, and cooperation under any federal legislation now or hereafter enacted. Any evidence of indebtedness issued under this section shall constitute a negotiable instrument.

Article 8. Bonds

10640. The district may, from time to time, issue bonds in accordance with the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code), for the purpose of financing the construction, reconstruction, replacement, acquisition, or improvement of any facility or facilities necessary or convenient for the generation, transmission, or distribution of electricity or transmission or distribution of gas, or for purposes of financing programs for the conservation of electricity or gas, which shall constitute an "enterprise" within the meaning of Section 54309 of the Government Code. The authority hereby granted to the district is in addition to all powers granted local agencies under the Revenue Bond Law of 1941, and Section 54310 of the Government Code, insofar as it is inconsistent with that authority, shall not apply.

10641. Article 3 (commencing with Section 54380) of Chapter 6 of Part 1 of Division 2 of Title 5 of the Government Code, the limitations on the rate of interest set forth in subdivision (b) of Section 54402 of the Government Code and on the discount set forth in Section 54418 of the Government Code, and the requirements for refunding revenue bonds set forth in Sections 53583 and 54661 of the Government Code do not apply to the issuance and sale of bonds pursuant to this article. Whenever a district proposes to exercise the power to issue bonds pursuant to this article, the board shall adopt a preliminary resolution declaring its intention to authorize the issuance of bonds, which resolution shall specify all of the following:

- (a) The purpose for which the proposed bonds are to be issued.
- (b) The maximum principal amount of the bonds then proposed to be issued.
- (c) The maximum term for which any of the bonds are to run.
- (d) The maximum rate of interest to be payable upon the bonds which rate shall be determined by the board.
- (e) The maximum discount, which shall be determined by the board.

10642. When bonds are issued pursuant to this article, the preliminary resolution of the board adopted pursuant to this article shall take effect upon its adoption by the board, subject to the right of referendum provided for in this article. Successive issues of bonds may be authorized under this article from time to time and the authority herein contained shall not be limited to any particular issue.



10643. Upon the resolution taking effect, subject to the right of referendum pursuant to this article, the board shall cause the same to be published in the manner provided for the publication of notices. At any time within 60 days after the date of the second publication, a referendary petition, signed by voters in number equal to at least 3 percent of the total vote cast, as defined in Section 10512, demanding the submission of the resolution to a vote of the voters of the district for their assent to the issuance of the proposed bonds, may be filed with the secretary. Upon presentation to the secretary of a referendary petition, the resolution that is the subject thereof shall be of no effect unless and until it has been assented to by the voters.

10644. If no referendary petition is presented within the period of 60 days, then upon the expiration of that period, or if the proposition of issuing the bonds specified in the resolution of the board adopted pursuant to this article has been assented to by a majority of the voters voting on the proposition, whether upon referendum or pursuant to Section 10645, then upon that proposition having been so assented to, the resolution shall take full and final effect, and the board may proceed in accordance with the provisions of this article and issue bonds within the terms of the resolution and in accordance with the applicable provisions of the Revenue Bond Law of 1941 (Chapter 6 (commencing with Section 54300) of Part 1 of Division 2 of Title 5 of the Government Code).

10645. The board may, at any time, and upon the filing of a referendum petition as provided in Section 10643 shall, adopt a resolution calling a special election for the purpose of submitting to the voters of the district the proposition of issuing revenue bonds in conformity with the preliminary resolution adopted pursuant to Section 10641. The resolution calling the election shall fix the date on which the election is to be held, the proposition to be submitted, and the manner of holding the election and of voting for or against the proposition, and shall state that in all other particulars the election shall be held and the votes canvassed as provided by law for the holding of elections within the district. The election may be held separately or may be consolidated with any other election authorized by law at which the voters of the district may vote. The resolution calling the election shall be published and no other notice of the election need be given. The votes of a majority of all the voters voting on the proposition at the election are required to authorize the issuance of revenue bonds.

10646. The authority granted the district by this article is in addition to the authority conferred by Chapter 9 (commencing with Section 10780).

Article 9. Investments

10650. The district may invest any surplus money in its treasury, including money in any sinking fund, in any of the following:

- (a) Its own bonds, whether issued on behalf of the entire district or any special district.
- (b) Treasury notes, certificates of indebtedness, bills, bonds of the United States, or any other evidence of indebtedness secured by the full faith and credit of the United States.
- (c) Obligations issued pursuant to the Federal Home Loan Bank Act or the National Housing Act.



(d) Treasury notes or bonds of this state, or of any public corporation, municipal corporation, public district, or political subdivision within this state which are legal as security for the deposit of public funds.

(e) Obligations issued by federal intermediate credit banks, federal land banks, and banks for cooperatives.

(f) Obligations issued or assumed by the International Bank for Reconstruction and Development, the Tennessee Valley Authority, the Inter-American Development Bank, or Export-Import Bank of Washington participation certificates.

(g) Banker's acceptances of banks having total deposits of one billion dollars (\$1,000,000,000) or more.

(h) Any securities in which savings banks in this state may legally invest their funds pursuant to Sections 1350 to 1366, inclusive, of the Financial Code; provided, that the provisions of those sections limiting the amount which a savings bank may invest in securities to a specified percent of its paid-up capital and surplus, or savings deposits, shall not apply to investments authorized by the terms of this section.

10651. District investment may be made by direct purchase of any issue of those bonds, treasury notes, or obligations, or part thereof, at the original sale or by the subsequent purchase of the bonds, treasury notes, or obligations.

10652. Any bonds, treasury notes, or obligations purchased and held as investments by the district may from time to time be sold and the proceeds reinvested in bonds, treasury notes, or obligations as provided in this article.

10653. Sales of any bonds, treasury notes, or obligations purchased and held by the district shall from time to time be made in season so that the proceeds may be applied to the purposes for which the money with which the bonds, treasury notes, or obligations were originally purchased was placed in the treasury of the district.

Article 10. Taxation

10655. The district may levy, and collect or cause to be collected, taxes for any lawful purpose.

10656. The district may impose a special tax pursuant to Article 3.5 (commencing with Section 50075) of Chapter 1 of Part 1 of Division 1 of Title 5 of the Government Code. The special taxes shall be applied uniformly to all taxpayers or all real property within the district, except that unimproved property may be taxed at a lower rate than improved property.

10657. If, in the opinion of the board, the revenues will not be sufficient for any and all lawful purposes, the board shall levy a tax for that purpose or purposes and fix the amount of money necessary to be raised therefor by taxation.

10658. The board shall, at the time of fixing the general tax levy and in the manner provided for the general tax levy, levy and collect annually until the district's bonds are paid, or until there is a sum in the treasury of the district set apart for that purpose to meet all sums coming due for principal and interest on the bonds, a tax sufficient to pay the annual interest on the bonds and that part of the principal thereof as becomes due before the time for fixing the next general tax levy. If the maturity of the indebtedness created by the issue of bonds begins more than one year after the date of the issuance thereof, the tax shall be levied and collected annually at the time and



in the manner aforesaid, sufficient to pay the interest on the indebtedness as it falls due and to constitute a sinking fund for the payment of the principal on or before maturity.

10659. The taxes required to be levied and collected on account of interest, principal, and sinking fund of district bonds shall be in addition to all other taxes levied for district purposes, and shall be collected at the time and in the same manner as other district taxes are collected, and be used for no other purpose than the payment of the bonds and accruing interest.

10660. Nothing in this division prevents the issuance of revenue bonds by a district for the entire district or any special district created therein under any provision of law permitting the issuance of revenue bonds by the district.

10661. The board may provide for the assessment, levy, and collection of taxes by the district, including the sale of property to the district for delinquent taxes, with penalties, interest, and cost.

10662. The board may elect to avail itself of the assessments made by the assessors of the counties in which the district is situated, and of the assessments made by the State Board of Equalization for those counties, and may take those assessments as the basis for district taxation and have its taxes collected by the county officials if the board declares its election to do so by resolution or ordinance and files a certified copy of the resolution or ordinance on or before the first day of August with the auditors of the counties in which the district is situated. Thereafter, each year and until otherwise provided by the board, all assessments shall be made for the district by the State Board of Equalization and the county assessors, and all taxes shall be collected for the district by the tax collectors, of the counties in which the district is situated.

10663. If the board elects to avail itself of the assessments made by the assessor of the counties in which the district is situated the county auditor shall, on or before August 15 of each year, transmit to the board a statement in writing showing the total value of all property within the district, ascertained from the assessments referred to in Section 10662 as equalized.

10664. If the board elects to avail itself of the assessments referred to in Section 10662 it shall, on or before the first weekday in September, or if such weekday falls upon a holiday then on the first business day thereafter, fix the rate of taxes, designating the number of cents upon one hundred dollars (\$100), using as a basis the value of property transmitted to the board by the county auditors, which rate of taxation shall be sufficient to raise the amount previously fixed by the board. These acts by the board shall constitute a valid assessment of the property and a valid levy of the taxes so fixed.

10665. The board shall immediately after fixing the rate of taxes as above provided transmit to the county auditors of the counties in which the district is situated a statement of the rate of taxes fixed by the board.

10666. The district's taxes so levied shall be collected at the same time and in the same manner as county taxes. When collected, the net amount, ascertained as provided in this article, shall be paid to the treasurer of the district, under the general requirements and penalties provided by law for the settlement of other taxes. The district may adopt the alternative procedure of tax collection and apportionment established by Chapter 3 (commencing with Section 4701) of Part 8 of Division 1 of the Revenue and Taxation Code and any amendments thereof, provided, however, that the district may thereafter abandon that alternative procedure at the end of any fiscal year of the district.



10667. Whenever any real property situated in any district that has availed itself of the provisions of Section 10662 has been sold for taxes and has been redeemed, the money paid for redemption shall be apportioned and paid to the district by the county treasurers receiving it in the proportion which the tax due to the district bears to the total tax for which the property was sold.

10668. The compensation to be charged by and paid to any county for the performance of services under this article shall be fixed by agreement between the board of supervisors of the county and the board. The compensation shall in no event exceed one-half of 1 percent of all money collected for the district. The compensation collected by the county shall be placed to the credit of the county salary fund.

10669. All taxes levied under this division are a lien on the property on which they are levied. Unless the board has by ordinance otherwise provided, the enforcement of the collection of those taxes shall be in the same manner and by the same means provided by law for the enforcement of liens for county taxes, all the provisions of law relating to the enforcement of those liens being made a part of this division, so far as applicable.

Article 11. The Municipal Improvement Act of 1913

10670. The Municipal Improvement Act of 1913 (Division 12 (commencing with Section 10000) of the Streets and Highways Code) may be used by the district for any purpose or purposes which a district may carry out.

Article 12. Political Activities

10675. The district shall not make political contributions to any candidate for political office. Nothing in this section prohibits any individual from making a contribution to a candidate for political office in the individual's own name and on the individual's own behalf.

10676. The district shall not endorse any candidate for political office. Nothing in this section prohibits any individual from endorsing a candidate for political office in the individual's own name and on the individual's own behalf.

10677. The district shall not endorse or otherwise lend support for or oppose any ballot measure. Nothing in this section prohibits any individual from endorsing or otherwise lending support for or opposing any ballot measure in the individual's own name and on the individual's own behalf.

CHAPTER 8. ELECTRICAL SYSTEM IMPROVEMENTS

Article 1. Applications

10680. This chapter is complete authority for the issuance of bonds hereunder, and no action or proceeding not required by this chapter shall be necessary for the valid authorization and issuance of those bonds.



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10681. Unless otherwise clearly indicated by the context, all of the provisions of this chapter shall be understood as relating only to bonds issued under this chapter.

Article 2. Definitions

10685. Unless the context otherwise requires, the provisions of this article govern the construction of this chapter.

10686. "Assented to by the voters" means that the proposition indicated by the context has been submitted to the voters of the district, and has been assented to by a majority of those voters who voted upon that proposition at the election.

10687. "Bonds" includes the meaning of "notes, certificates, and other evidences of indebtedness" and in every case refers only to bonds issued pursuant to this chapter, whether so specified or not.

10688. "Payments on principal" means payments on account of the principal of bonds, whether upon maturity or by payments into a sinking fund on account of principal, and includes premiums required to be paid on the mandatory redemption of sinking fund bonds.

10689. "Refund" includes the meaning of "extend" and "renew."

Article 3. General Authorization

10690. (a) The district may borrow money from time to time for the purpose of constructing, reconstructing, replacing, extending, or improving its system for supplying the district and its inhabitants with electricity, and may issue and sell bonds to evidence the indebtedness created by that borrowing. No money raised by the sale of bonds shall be used for any of the following:

(1) For constructing or improving works located outside the district boundaries.

(2) For constructing or improving works for generating electricity.

(3) For constructing or improving works used, or to be used, in whole or in part either for the receipt, transmission, and delivery of electricity for any supplier of electricity or for the exchange of electricity with any person or entity. This provision shall not prevent the district from using money raised by the sale of bonds for the purposes set forth in the initial sentence of this section.

(b) Bonds issued pursuant to this chapter shall not be issued for a term in excess of 20 years after the date of those bonds, provided, that this sentence shall not limit the power of the district to refund those bonds.

10691. A district may also refund from time to time, whether at or prior to maturity, any outstanding indebtedness evidenced by its bonds, and may issue, and sell or exchange, bonds so to refund that indebtedness. Refunding bonds that are to be sold may be issued and sold at the time in advance of the time at which the bonds to be redeemed or paid out of the proceeds of the refunding bonds are to be so redeemed or paid as the board may determine.

10692. Whenever the district exercises the power to borrow money pursuant to this chapter, the board may authorize the issuance of bonds in any amount that, when added to the aggregate amount of bonds of the district issued under this chapter and outstanding at the time of the acceptance of a proposal for the purchase of the bonds so authorized and payable out of the revenues out of which the bonds so authorized



are to be payable, shall not exceed the amount of the earned surplus derived from the operation of the electrical system to which those revenues pertain, as of the end of the last fiscal year that ended not less than four months prior to the making of the finding and determination provided for in Section 10750. The aggregate amount of bonds issued under this chapter shall not exceed in face value the sum of ten million dollars (\$10,000,000) in any one calendar year. The term "earned surplus" whenever used in this chapter means the excess of revenues from the inception of operation of the electrical system over related expenses thereof, plus accumulated price-level depreciation, plus or minus any additional amounts credited to or charged against customers' equity employed in the business of the electrical system, as determined in accordance with the then-current accounting practice of the district. The term "accumulated price-level depreciation" as used in this section means the accumulated additional amounts by which depreciation based on the cost of depreciable property adjusted to reflect current price levels exceeds depreciation computed on cost.

10693. The limitations prescribed in Section 10692 shall not be applicable to the issuance of any refunding bonds pursuant to this chapter, and the amount of any issue of such refunding bonds may equal, but shall not exceed, the amount required for the payment or redemption of the bonds to be refunded thereby, including the premiums, if any, due upon the redemption, but excluding any interest due upon that redemption.

10694. Any bond for the payment and discharge of which, upon maturity or upon redemption prior to maturity, provision has been made, through the setting apart in a reserve fund or special trust account created pursuant to this chapter to insure the payment thereof, of moneys sufficient for that purpose, or through the irrevocable segregation for that purpose, in some sinking fund or other fund or trust account, of moneys sufficient for that purpose, shall be deemed to be no longer outstanding within the meaning of any provision of this chapter.

10695. The board shall have power to determine all the terms and conditions of the issuance and sale of bonds pursuant to this chapter, except as limited by express provisions of this chapter.

Article 4. Proceedings for Issuance

10700. Whenever the district proposes to exercise the power to borrow money, or to refund indebtedness, pursuant to this chapter, the board shall adopt a preliminary resolution declaring its intention to authorize the issuance of bonds for that purpose, and the resolution shall specify all of the following:

- (a) The purpose for which the proposed bonds are to be issued.
- (b) The maximum principal amount of the bonds proposed to be issued in the then current calendar year.
- (c) The maximum term for which any of the bonds are to run.
- (d) The maximum rate of interest to be payable upon the bonds.
- (e) The maximum premium, if any, to be payable on the redemption of any bonds.

10701. When bonds are issued under this chapter, the preliminary resolution of the board adopted pursuant to this article shall take effect upon its adoption by the board, subject to the right of referendum pursuant to this article.



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10702. Upon any resolution taking effect, subject to the right of referendum, pursuant to this article, the board shall cause the resolution to be published in the manner provided for the publication of notices. At any time within 60 days after the date of the second publication a referendary petition, signed by voters in number equal to at least 3 percent of the total vote cast, as defined in Section 10512, demanding the submission of the resolution to a vote of the voters of the district for their assent to the issuance of the proposed bonds, may be filed with the secretary. Upon presentation to the secretary of a referendary petition, the resolution shall be of no effect unless and until it has been assented to by the voters.

10703. If no referendary petition is presented within the period of 60 days after the date of the second publication, then upon the expiration of the 60-day period, or if the proposition of issuing the bonds specified in the resolution of the board adopted pursuant to this article has been assented to by the voters, whether upon referendum or pursuant to any other provisions of this chapter, then upon the proposition having been so assented to, the resolution shall take full and final effect, and the board may proceed in accordance with the provisions of this chapter and issue bonds within the terms of the resolution.

10704. The provisions of any resolution constituting a part of the proceedings for the issuance of any bonds under this chapter, when so declared by its terms, or by the terms of any other resolution, shall constitute a contract between the district and the holders of the bonds, and the provisions thereof shall be enforceable by mandamus or any other appropriate suit, action or proceeding at law or in equity in any court of competent jurisdiction.

10705. The board at any time may adopt a resolution providing for submission to the voters of the district of the proposition of assenting to any proposed action of the board in any case where assent is required or permitted by the terms of this chapter, or in any case where the board may deem the submission to be desirable. The resolution may provide for the submission at any specified regular district election, or at any special election. The resolution and the election shall, except to the extent otherwise provided in this chapter, conform to the requirements of Article 1 (commencing with Section 10780) of Chapter 9. The board shall do, or cause to be done, any and all things necessary to make such submission at the election indicated by its resolution and to determine and certify the result thereof.

Article 5. Sources of Payment

10706. All bonds issued by a district pursuant to this chapter shall be, and shall recite upon their face that they are, payable both as to principal and interest, and as to any premiums upon the redemption thereof, out of the revenues pertaining to the electrical system on account of which the indebtedness evidenced by the bonds was created, and not out of any other fund or moneys of the district.

10707. The provisions of this article shall not preclude any of the following:

- (a) The payment of any principal, interest, or premiums through appropriate reserve funds or special trust accounts, established as provided in Article 6.
- (b) The payment of interest on or principal of bonds of any issue out of sums received as premiums or accrued interest on the sale of that issue.



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(e) The payment of any principal, interest, or premiums by the purchasers of any the bonds, or by any entity, public or private, other than the district, in any case where the purchaser or entity may have guaranteed payment.

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10712. Money set aside and placed in a reserve fund or special trust account shall be drawn only upon a demand authenticated by the signature of the accountant of the district; provided, however, that the board may, in its discretion, direct and authorize the payment from a reserve fund, by the treasurer, without authenticated demand, (a) of bonds of the issue in connection with which the reserve fund is so

established when due upon maturity or call, or of coupons pertaining to bonds of that issue when due, but only upon presentation and surrender of the bonds or coupons, (b) of interest upon registered bonds of the issue when due, or (c) of premiums, if any, due upon the redemption of the bonds.

10713. Money in a special trust account shall be drawn therefrom only in accordance with directions given or authorized by the board.

Article 7. Obligation to Bondholders

10715. So long as any bonds of the district are outstanding and unpaid, or so long as provision has not been made for the full payment and discharge of all outstanding bonds, upon maturity, or upon redemption prior to maturity, through the setting apart in a reserve fund or special trust account to insure the payment of money sufficient for that purpose, or through other irrevocable allocation to that purpose of money sufficient for that purpose, all provisions of this article shall be complied with.

10716. The board shall fix rates for service from the electrical system to which the indebtedness pertains, and collect charges for that service, to provide revenues at least sufficient in the aggregate to pay, as they become due, the principal and interest on all outstanding bonds payable out of those revenues, including premiums, if any, due upon the redemption of any bonds, in addition to paying, as they become due, the necessary expenses of operating and maintaining the electrical system, and all other obligations and indebtedness payable out of those revenues.

10717. Bonds issued under this chapter shall be issued without any priority with respect to payment of principal or interest.

10718. The electrical system of the district to which the indebtedness pertains shall not be sold or otherwise disposed of, as a whole or substantially as a whole, unless the sale or other disposition is arranged to provide for a continuance of sufficient payments into a fund to permit payment from the fund of principal of, and interest on, and premiums, if any, due upon the redemption of, all bonds issued under this chapter.

10719. No indebtedness payable out of revenues shall be created in contravention of the provisions of any resolutions adopted by the board in connection with the authorization of any bonds payable out of revenues.

10720. The board, in any resolution constituting a part of the proceedings for the issuance of an issue of bonds pursuant to this chapter may determine that the holders of the bonds of that issue are not to be entitled to the benefits of, or to enforce any or all of the provisions of, this article, and to that end, the board, in such resolution, shall specify the provisions of this article to the benefits of which the holders of the bonds of that issue shall be entitled. The holders of the bonds of that issue shall not be entitled to the benefits of, or to enforce any of the provisions of, this article not so specified.

Article 8. Consents of Bondholders

10725. The board may provide in the resolution authorizing the issue of bonds under this chapter that any act consented to by the holders of 60 percent in aggregate principal amount of the outstanding bonds of any issue of bonds issued under this chapter, pursuant to provisions for giving consents contained in any resolution of the board constituting a part of the proceedings for the issuance of the bonds, shall not, as



to the bonds of that issue, be deemed an infringement of any of the provisions of Article 7 (commencing with Section 10715), or of any covenant made pursuant thereto, whatever the character of that act may be.

10726. The board may provide in the resolution authorizing the issue of bonds under this chapter the terms and conditions upon which any provision of any resolution of the board constituting a part of the proceedings for the issuance of those bonds, or any provision of those bonds or coupons appurtenant to those bonds, may be modified if consented to by the holders of any percentage, specified in the resolution authorizing the issue of those bonds, of the aggregate principal amount of the outstanding bonds of that issue.

Article 9. Form and Content

10730. Without limiting in any way the generality of its power, the board is expressly authorized, in its discretion, to provide, in connection with any issue of bonds pursuant to this chapter all the matters contained in this article.

10731. The board may provide for bonds being in those amounts, of those denominations, payable at those times, and in that form as the board may determine.

10732. The board may provide for bonds being negotiable or nonnegotiable.

10733. The board may provide for bonds and the interest thereon, and premiums, if any, due upon the redemption of any thereof, being payable or collectible at any place or places, within or without the state, and without presentation and approval of demands.

10734. The board may provide for bonds being payable to bearer or only to the registered holder, either as to principal alone, or as to both principal and interest; for those bonds being with or without coupons. The board may provide for bonds being nonregisterable, or registerable, either as to principal alone, or as to both principal and interest. The board may provide for bonds being exchangeable or nonexchangeable, convertible or nonconvertible. The board may provide for the reissuance of bonds or coupons that have been surrendered and preserved, or for the issuance of new bonds or coupons in the place of bonds or coupons that have been surrendered and canceled, wherever appropriate as incident to the discharge of any bond from registration, or to any exchange or conversion of any bond. The board may provide all these things on those terms and conditions, and at the place or places, within or without the state, as the board may determine.

10735. The board may provide for bonds being redeemable, either at the option of the district, or in the operation of any sinking fund provided for the issue, at that price or prices and in the manner that the board may determine, whether or not involving the payment of a premium upon redemption; provided, that no bond shall be subject to redemption unless that bond at the time of its issue states on its face that it is redeemable at the option of the district or by the operation of a sinking fund for bonds of that issue, as the case may be.

10736. The board may provide for the issuance by the district of a duplicate, in the manner and on those terms and conditions as the board may determine, in the event any bond, temporary bond, coupon or interim receipt of any issue is lost, destroyed or mutilated.



10737. The board may provide for the appointment and payment of fiscal, paying, sinking fund, or other agents, or of trustees or registrars.

10738. The board may provide for the appointment of the treasurer of the district to act as the fiscal, paying, sinking fund, or other agent.

10739. The board may provide for the custody by the district of bonds and coupons, whether pending delivery or after purchase or surrender, for the delivery of bonds and coupons by the district to the purchaser thereof, for the receipt by the district of the proceeds of the sale, and for the depositing of the proceeds in the proper fund or funds.

10740. The board may provide for the sale of bonds upon those terms and conditions as the board in its discretion may determine at public sale. Bonds may be sold by the board below the par or face value thereof, at a discount not to exceed 6 percent of par value; provided further, that in the case of refunding bonds the board may provide for the refunding being made, in whole or in part, by the exchange of the refunding bonds for the bonds to be refunded. Before selling the bonds, or any part thereof, the board shall give notice not less than 10 days prior to the date of sale by publication in a newspaper of general circulation circulating in the district inviting sealed bids in the manner the board shall prescribe. If satisfactory bids are received, the bonds offered for sale shall be awarded to the highest responsible bidder. If no bids are received, or if the board determines that the bids received are not satisfactory as to price or responsibility of the bidders, the board may reject all bids received, if any, and either readvertise or sell the bonds at private sale.

10741. The board may provide for the issuance of interim receipts or of temporary bonds, in the form that the board may prescribe, pending the issuance of definitive bonds.

10742. The board may provide for any signatures to bonds and to any coupons attached to the bonds, and to any interim receipts and temporary bonds, being by facsimile.

10743. The board may provide for restrictions on the incurring of additional indebtedness of the district payable out of the revenues out of which the bonds then authorized are to be payable.

10744. The board may provide for restrictions on future transfers out of the revenues out of which the bonds then authorized are to be payable.

10745. The board may provide for covenants with the holders of bonds to the same effect as set forth in Article 7 (commencing with Section 10715), which covenants shall not be subject to alteration or repeal, except as described in Article 8 (commencing with Section 10725).

10746. The board may provide for the issuance and distribution in the form that the board may determine of official statements respecting proposed issues of bonds and the properties, operations, and finances of the works on account of which the bonds are to be issued, for the information of prospective purchasers of the bonds; and, in any case where any proposition is to be submitted to the voters for their assent, whether by referendum or pursuant to any provision of this chapter, for the issuance, distribution, dissemination, and publication of factual statements respecting the proposed issues of bonds, and the properties, operations, and finances, for the information of the voters.

10747. The board may provide for the making of contracts, or the placing of orders, for the engraving or printing of bonds, whether definitive or temporary, or of



interim receipts, authorized by this chapter, or for any printing incident to the offering or issuance of bonds, without advertising for bids, in any case where, because of limitations of time, or requirements as to quality of work, or as to security in the control or custody of plates, or any similar cause, the board may deem it to be in the public interest so to do, but in so doing the board shall, if practicable, obtain or cause to be obtained competitive bids, formal or informal, from bidders who can perform work of the required quality within the required time, and, in the case of engraving, who are of proper responsibility and who have adequate facilities for the control and safekeeping of the engraved plates.

10748. Each issue of bonds issued pursuant to this chapter shall conform to the following requirements:

(a) The bonds shall be serial bonds or sinking fund bonds, or a combination of serial and sinking fund bonds.

(b) Provision shall be made for the retirement of the bonds through annual payments on principal, and those payments shall begin not more than 10 years, and end not more than 20 years, after the date of the bonds.

Article 10. Validity

10750. Prior to the issue of bonds pursuant to this chapter, the board, after satisfying itself respecting the relevant facts, shall, by resolution, find and determine all of the following

(a) The amount of earned surplus derived from the operation of the electrical system of the district to which the revenues out of which the bonds are to be payable pertain, as of the end of the last fiscal year which ended not less than four months prior to the making of the finding and determination, and that the ascertainment of the earned surplus has been in accordance with the then-current accounting practice of the district; provided, however, that the finding and determination need not be made in the case of the authorization of refunding bonds, or in any case where the voters have assented to the issuance of bonds in excess of the limitation specified in this chapter.

(b) The amount of bonds issued under this chapter that are outstanding at the time of the adoption of the resolution.

(c) That the resolution or resolutions authorizing the issue of bonds in all respects conforms or conform with the provisions of this chapter.

(d) That the indebtedness to be evidenced by the issue of bonds, together with all other indebtedness of the district, pertaining to the electrical system for or on account of which the bonds are to be issued, is within every debt or other limit prescribed by the Constitution and statutes of the state.

(e) That upon the issuance of the bonds, any and all acts, conditions, and things required to exist, to happen, and to be performed, precedent to and in the issuance of those bonds will exist, will have happened, and will have been performed in due time, form, and manner, as required by the Constitution and statutes of the state.

10751. The board may also, by resolution, find and determine any other facts relevant to the legality of the issue.

10752. The board, by resolution adopted in connection with any issue of bonds pursuant to this chapter, may direct that there shall be included in each of the bonds of that issue a certification and recital that any and all acts, conditions, and things



required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by that bond, and in the issuing of that bond, exist, have happened, and have been performed in due time, form, and manner, as required by the Constitution and statutes of the state, and that the bond, together with all other indebtedness of the district pertaining to the electrical system for or on account of which the indebtedness evidenced by the bond was incurred, is within every debt and other limit prescribed by the Constitution and statutes of the state.

10753. From and after the issuance of any issue of bonds, the findings and determinations of the board respecting that issue made pursuant to this article, shall be conclusive evidence of the existence of the facts so found and determined in any action or proceeding in any court in which the validity of those bonds is at issue, and no bona fide purchaser of any bond containing the certification and recital permitted by this article shall be required to see to the existence of any fact, or to the performance of any condition, or the taking of any proceeding, required prior to that issue, or to the application of the purchase price paid for those bonds.

10754. Bonds shall be deemed to be issued, within the meaning of this article, whenever the definitive bonds, or any temporary bonds or interim receipts exchangeable for the definitive bonds, have been delivered to the purchasers and the purchase price received, or in the case of bonds to be refunded through exchange, whenever that exchange has been made.

10755. The validity of bonds reciting that the bonds have been issued pursuant to this chapter shall not be affected by any provision or limitation contained in any other section or sections of this division. All bonds issued under this chapter shall be incontestable from and after the time of payment to the district of the purchase price thereof.

Article 11. Proceeds

10760. All sums received as accrued interest on the sale of any issue of bonds issued pursuant to this chapter shall be applied to the payment of interest on or principal of bonds of that issue.

10761. All sums received as principal and premiums on the sale of any issue of bonds shall be applied to the purposes for which those bonds were issued. The board may provide in the resolution authorizing the issue of any bonds pursuant to this chapter that any portion of the proceeds of sale of the bonds may be applied to payment of interest during construction for a period of not to exceed three years from and after the date of the bonds.

10762. The board may from time to time establish and maintain a separate fund or funds in the district treasury for the purpose of insuring the application of the proceeds received as principal on the sale of any issue of bonds to the purposes for which the same were issued.

10763. Money set aside and placed in any separate fund shall remain in that separate fund until from time to time expended for the purposes for which the bonds were issued, including the reimbursement of other funds of the district for expenditures from those funds for purposes for which the bonds were issued, made after the adoption by the board of the preliminary resolution of intention provided for in Section 10700, and shall not be used for any other purpose whatsoever, except for temporary investment



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as provided in this division; provided that money may be paid or transferred from any separate fund, in furtherance of the purpose of its establishment, to any other separate fund established for the same purpose in connection with the same issue of bonds.

10764. Money in a separate fund shall be drawn from that separate fund only upon a demand authenticated by the signature of the accountant of the district.

10765. If the board shall determine by resolution that the expenditure of the whole or any portion of the principal sum of any issue of bonds for the purpose for which those bonds were issued is impracticable or unwise, the board may do either of the following:

(a) Apply all or part of the money to the purchase of bonds of that issue, or to the payment of bonds of that issue, at maturity or on redemption, or to the payment of interest on the bonds or of premiums due on the redemption of the bonds.

(b) Apply all or part of the money to any new purpose which is within the purposes for which bonds might be issued under the terms of this chapter; provided that before applying any of the money to a new purpose, the board shall adopt a resolution specifying the new purpose and the amount of the money to be applied, and authorizing that application. The resolution shall be subject to the same procedures, and take final effect only in the same manner, as if it were a resolution adopted pursuant to Section 10690 authorizing the issuance of bonds for that new purpose, and the resolution authorizing that application to the new purpose, when it shall have taken final effect under those procedures, shall be sufficient authority for the application of the money to that new purpose.

10766. If any excess of the principal sum of the proceeds of any issue of bonds remains unexpended after the full accomplishment of the purpose for which those bonds were issued, the board, by resolution, may direct that the excess shall be applied to the purchase of bonds of that issue, or to the payment of those bonds, at maturity or on redemption, or to the payment of interest on the bonds or of premiums due on the redemption of the bonds, or that it shall be transferred to the revenues pertaining to the electrical system in connection with which those bonds were issued.

Article 12. Short Term Borrowing

10770. The district has the power to borrow money from time to time for any or all of the purposes specified in this chapter, and to issue and sell notes, or other evidences, to evidence the indebtedness created by that borrowing, by resolution subject to referendum as provided in Section 10701, whenever the district finds and determines that the public interest and necessity require the exercise of that power.

10771. All notes or other evidences of indebtedness issued under the authority of this article shall contain upon their face a recital that they are issued under that authority and shall be payable in not to exceed three years from their date.

10772. No amount shall be borrowed under the authority of this article which, when added to the amount of all other notes or other evidences of indebtedness issued under this article and then outstanding, shall exceed 50 percent of the gross operating revenues from the works on account of which it is borrowed during the preceding fiscal year.



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10773. All of the provisions of this chapter not inconsistent with this article, and not by their terms made inapplicable to this article, shall apply to all notes, or other evidences, issued under the authority of this article.

Article 13. Investments

10775. Pending use for the purposes for which any reserve fund or special trust account or any other separate fund established pursuant to this chapter was established, money set aside and placed in the fund or account may, when and to the extent and in the manner as may be directed by the board and as may be consistent with the provisions of any resolutions of the board constituting a part of the proceedings for the issuance of the issue of bonds in connection with which the reserve fund or special trust account was created, be invested in the same manner as other moneys of the district. Any bonds or other evidences of indebtedness acquired through these investments may be resold at any time.

10776. Any bonds or other securities purchased pursuant to Section 10775 shall constitute a part of the reserve fund, separate fund, or special trust account, and any interest or any increment received by reason of the investment, and the proceeds of any resale, shall be placed in, and constitute a part of, the fund or account.

10777. Bonds issued pursuant to this chapter may be presented to the State Treasurer for certification under Division 10 of the Water Code in like manner and with the same legal effect as in the case of revenue bonds issued by irrigation districts; provided that Section 20050 of the Water Code shall not be applicable to those bonds and, notwithstanding the certification, the district may issue subsequent series or issues of bonds without certification as the district may elect.

CHAPTER 9. BONDS

Article 1. Issuance

10780. The district may from time to time incur a bonded indebtedness as provided in this chapter to pay the cost of acquiring, constructing, or completing the whole or any portion of any utility or works referred to in this division, or for acquiring any works, lands, structures, rights, or other property necessary or convenient to carry out the objects, purposes, or powers of the district.

10781. Whenever the board, by resolution passed by vote of two-thirds of all its members, determines that the public interest or necessity demands the acquisition, construction, or completion by the district of any public utility or utilities referred to in this division or any works, lands, structures, rights, or other property necessary or convenient to carry out the objects, purposes, or powers of the district, the cost of which will be too great to be paid out of the ordinary annual income and revenue of the district, it may at any subsequent meeting of the board provide for the submission of the proposition of incurring a bonded indebtedness for the purpose set forth in the resolution to the voters of the district at a special bond election held for that purpose.

10782. In lieu of a resolution passed by the board, proceedings for the issuance of bonds for the purposes provided in this chapter may be initiated by petition of the voters of the district.



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10783. Whenever any petition signed by voters within the district equal in number to at least 15 percent of the total vote cast is presented to the board asking for the acquisition, construction, or completion of the whole or any portion of any utility or works referred to in this division or for acquiring any works, lands, structures, rights, or other property necessary or convenient to carry out the objects, purposes, or powers of the district, and also asking that a bonded indebtedness be incurred to pay for the cost thereof, the secretary of the district shall immediately examine and verify the signatures of the petition and certify the result of the examination to the board.

10784. If the required number of signatures is found to be genuine, the secretary shall transmit to the board an authentic copy of the petition without the signatures.

10785. Upon receiving a petition with the certificate of the secretary stating that it contains the required number of signatures, the board shall formulate for submission to the voters of the district at a special bond election called for that purpose the proposition of incurring a bonded indebtedness for the purposes set forth in the petition. In its discretion the board may defer the calling of the election until the next general election to be held in the district in order to consolidate them.

10786. The ordinance calling a special bond election shall fix the date on which the election will be held, and the manner of holding the election and of voting for or against incurring the indebtedness. It shall also recite the objects and purposes for which the indebtedness is proposed to be incurred, the estimated cost of the utility, works, lands, structures, rights, or other property proposed to be acquired, constructed, or completed, the amount of the principal of the indebtedness to be incurred therefor, and the maximum rate of interest to be paid on the indebtedness, which shall not exceed 8 percent per annum, payable semiannually. If, however, the rate of interest to be paid on the indebtedness does not exceed 4 ½ percent per annum, payable semiannually, the rate of interest need not be recited in the ordinance.

10787. Propositions for incurring indebtedness for more than one object or purpose may be submitted at the same election.

10788. All special bond elections held in even-numbered years shall be consolidated with the direct primary or general election. All special bond elections held in odd-numbered years shall be held on the first Tuesday after the first Monday in November and may be held separately, or may be consolidated with any other election authorized by law at which the voters of the district may vote. When a special bond election is consolidated with a statewide primary or a general election, the board shall in the ordinance calling the special bond election consolidate it with the statewide primary or the general election to be held at the same time in the respective counties in which the district is located and authorize the respective boards of supervisors to canvass the returns and certify the result of the canvass to the board. It shall be the duty of the board or boards of supervisors to consolidate the election, if applicable, canvass the returns, and cause the result to be properly certified to the board. If a special bond election is consolidated with any other election, the provisions of this chapter setting forth the procedure for the calling and holding of the special bond election shall be complied with, except that the ordinance calling the election need not set forth the election precincts, polling places, and officers of election, but may provide that the precincts, polling places, and officers of election shall be the same as those set forth in the ordinance, notice, or other proceedings calling the election with which the special



bond election is consolidated, and shall refer to the ordinance, notice, or other proceedings by number and title, or by another definite description.

10789. The ordinance shall be published, and no other notice of election need be given.

10790. The votes of two-thirds of all the voters voting on the proposition at the election are required to authorize the issuance of bonds under this chapter.

10791. If the proposition submitted at a special bond election fails to receive the requisite number of votes, the board shall not within six months after the election hold another special election for the submission of a proposition of incurring a bonded indebtedness substantially the same as the proposition voted upon at the prior election unless a petition signed by voters within the district equal in number to at least 15 percent of the total vote cast is filed with the board, requesting that the proposition, or a proposition substantially the same, be submitted at an election to be called for that purpose.

Article 2. Form and Content

10795. Bonds authorized pursuant to this chapter shall mature serially in amounts to be fixed by the board; provided that payment shall begin not more than 10 years from the date of issuance thereof and be completed in not more than 50 years from that date; provided, further, that the board may divide any issue of bonds authorized pursuant to this chapter into two or more series, and may fix different dates of issuance and different maturity dates for the bonds of each series. The bonds of each series shall mature serially in amounts to be fixed by the board, and the board shall fix a date not more than 10 years from the date of issuance of each series for the earliest maturity of the series, and shall fix a date not more than 50 years from the date of issuance of each series for the final maturity of the series.

10796. The bonds shall be issued in any denomination or denominations the board determines, and shall be payable on the day and at the place or places fixed in the bonds, and with interest at the rate specified therein, payable semiannually.

10797. The board may at any time prior to the issuance and sale of any bonds provide for the call and redemption of any or all of the bonds on any interest payment date prior to their fixed maturity at not exceeding the par value and accrued interest plus a premium of not exceeding 5 percent upon the principal amount of the bonds, in which event the call price fixed by the board shall be set forth on the face of the bond. Notice of the redemption shall be published once a week for three successive weeks in a newspaper of general circulation printed and published within the district or if there is no newspaper printed and published within the district then the publication shall be made in a newspaper of general circulation printed and published within the counties in which the district or any part thereof is situated, the first publication of which shall be at least 30 days prior to the date fixed for the redemption. After the date fixed for the redemption interest on the bonds thereafter shall cease.

10798. The bonds shall be signed by the president of the board or by an officer of the district that the board shall by resolution authorize and designate for that purpose. They shall also be signed by the treasurer, and be countersigned by the secretary. The coupons of the bonds shall be numbered consecutively and be signed by the treasurer. All signatures and countersignatures, except that of the treasurer on the bonds, may be



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printed, lithographed, or engraved. If any officer whose signature or countersignature appears on the bonds or coupons ceases to be such officer before the delivery of the bonds to the purchaser, the signature or countersignature is nevertheless valid and sufficient for all purposes as if they had remained in office until the delivery of the bonds.

Article 3. Issue and Sale

10800. The bonds may be issued and sold for not less than their par value, but otherwise as the board determines.

10801. The proceeds of the bonds shall be placed in the district treasury to the credit of the proper fund, and shall be used exclusively for the objects or purposes for which the bonds were voted.

10802. In lieu of the immediate levy of a tax to pay the interest or any part thereof on any bonded indebtedness incurred in accordance with this division, the board may in the estimate of the amount of money necessary to be raised by the bonds include a sum sufficient to pay interest on all of the bonds or part thereof during the period of acquisition, construction, or completion, but for no period in excess of five years.

Article 4. Refunding

10805. Whenever the board by resolution passed by a vote of two-thirds of all its members determines that the refunding of the whole or any portion of the bonded indebtedness will be of advantage to the district, the board may refund all or any portion of the bonded indebtedness and issue refunding bonds of the district for that purpose.

10806. The issuance of refunding bonds shall not be construed as the incurring or increase of an indebtedness within the meaning of this division, and the approval of the voters is not required for the issuance of refunding bonds. The board may provide for the call and redemption of any or all of the bonds on any interest payment date prior to their fixed maturity in the ordinance authorizing the issuance of the refunding bonds.

10808. Except as provided in this article, matters pertaining to the issuance of refunding bonds under this chapter shall be governed by Article 9 (commencing with Section 53550) and Article 10 (commencing with Section 53570) of Chapter 3 of Part 1 of Division 2 of Title 5 of the Government Code.

10809. The proceeds of the sale of refunding bonds shall be applied only to the purchase, or retirement at not more than par and accrued interest, or the call price, of the bonded indebtedness for which the refunding bonds were issued.

10810. In lieu of selling refunding bonds and using the proceeds to purchase or retire the bonds to be refunded, the board may exchange refunding bonds at not less than par and accrued interest for the bonds so refunded.

10811. Whenever outstanding bonds are refunded, they shall be surrendered to the treasurer of the district, who shall cancel them by endorsing on their face the manner in which the refunding was effected, whether by exchange or purchase, and



the amount for which any were purchased, and by perforating through each bond and each coupon attached thereto the word "canceled" together with the date of cancellation.

Article 5. Status as Investments

10815. All bonds, including refunding bonds, issued by the district are legal investments for all trust funds and for the funds of all insurance companies, banks, both commercial and savings, and trust companies, and for the State School Fund, and for all sinking funds under the control of the State Treasurer. Whenever any money or funds may by law be invested in or loaned upon the security of bonds of California cities, cities and counties, counties, or school districts, the money or funds may be invested in or loaned upon the security of the bonds of the district; and whenever bonds of cities, cities and counties, counties, or school districts by law may be used as security for the faithful performance or execution of any court or private trust or of any other act, bonds of the district may be used for that purpose.

10816. All bonds of the district, to the same extent as bonds of any other municipality, are legal for use by any state or national bank or banks in the state as security for the deposit of funds of the state or of any county, city and county, city, municipality, or other public or municipal corporation within the state.

Article 6. Validating Proceedings

10820. An action to determine the validity of bonds may be brought pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure.

CHAPTER 10. EMERGENCY FINANCING

10825. Whenever the board, by resolution adopted by a five-sevenths vote of all members of the board finds and determines that any part of the works of the district has been damaged or demolished by reason of fire, flood, earthquake, sabotage, or act of God or the public enemy, and that the cost of repairing or replacing the works so damaged or demolished is too great to be paid out of the ordinary annual income and revenue of the district, and that the public interest requires the incurring of indebtedness for the purposes set forth in the resolution, the board may authorize the incurring of indebtedness for this purpose pursuant to this chapter.

10826. (a) Whenever the board makes the finding and determination as described in Section 10825, the district may borrow money and incur indebtedness by the issuance of bonds, notes, or other securities as provided in this chapter by action of the board and without the necessity of calling and holding an election in the district. These evidences of indebtedness shall constitute general obligations of the district or shall be payable solely from revenues of the district as the board may determine in the resolution authorizing their issuance. The indebtedness may be incurred for any purpose for which the district is authorized to expend funds.

(b) The indebtedness incurred under this chapter shall be evidenced by bonds, notes, or other evidences of indebtedness maturing in not to exceed five years from their date, shall bear interest at the rate or rates fixed by the board, and may be issued



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and sold at a public or private sale as the board may direct. All other terms and conditions of these evidences of indebtedness shall be fixed by the board. The maximum principal amount of all general obligation indebtedness outstanding under this chapter shall not, at any one time, exceed 1 percent of the assessed valuation of the property within the district taxable for district purposes.

(c) The board may authorize and issue refunding notes for the purpose of paying and redeeming at or before maturity any notes previously issued and then outstanding. However, these refunding notes shall not be in excess of the limitation of indebtedness provided in this section and shall mature in not to exceed five years from the dates of the original indebtedness. Refunding notes may in turn be refunded under similar terms and conditions, except that no refunding note shall mature in excess of five years from the date of the original indebtedness.

10827. Indebtedness incurred pursuant to this chapter shall be payable from any sources of available funds, including revenues, taxes, or state or federal grants. The board may levy and collect taxes upon all property in the district subject to taxation by the district without limitation of rate or amount for the payment of any evidences of general obligation indebtedness incurred pursuant to this chapter and the interest of this indebtedness. These taxes shall be in addition to all other taxes levied for district purposes and shall be levied at the same time and in the same manner as other district taxes are levied and, when collected, shall be deposited in a special fund and shall be used only for the payment of the principal of and interest on this indebtedness. The board shall apply for any federal or state funds available for purposes of repairing or replacing works damaged or demolished by reason of fire, flood, earthquake, sabotage, or act of God or the public enemy.

CHAPTER 11. SHORT-TERM BORROWING

Article 1. Proceedings for Incurring Short-Term Indebtedness

10830. (a) The district may borrow money and incur indebtedness for the purposes of this chapter by the issuance of bonds, notes, or other evidences of indebtedness by a majority vote of its board of directors and without the necessity of calling and holding an election in the district. These evidences of indebtedness shall constitute general obligations of the district or shall be payable solely from the revenues of the district as the board may determine in the resolution authorizing their issuance; provided that if the board determines that the evidences of indebtedness shall constitute general obligations of the district, their issuance shall be approved by a five-sevenths vote of the board. That indebtedness may be incurred for any of the following purposes:

(1) The purchase, processing, storage, and disposal of fuel to be used for the generation and transmission of electricity, of materials to be used in the manufacture of that fuel, and of the products of that fuel, the purchase of real property and manufacturing and processing facilities from which that fuel or materials may be obtained, or interests therein.

(2) The planning, design, engineering, and licensing of facilities for the generation or transmission of electricity, and the preparation of sites and the purchase of equipment for those facilities.



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(3) The planning, design, engineering, acquisition, or construction of facilities for the storage, transmission, or distribution of water as may be necessary or useful for operation of works for hydroelectric generation.

(4) The planning, design, engineering, acquisition, or construction of facilities for the storage, transmission, or distribution of natural gas or biogas.

(5) The replacement of works of the district that have been damaged or demolished by reason of fire, flood, earthquake, sabotage, or acts of God or the public enemy.

(6) Any expenses or charges incurred in connection with the foregoing purposes, and to reimburse the district for expenditures incurred for any of those purposes.

(b) The indebtedness incurred pursuant to this chapter shall be evidenced by bonds, notes, or other evidences of indebtedness maturing in not to exceed seven years from their date, shall not result in interest costs exceeding those limits fixed by the board, and may be sold either by public or by private sale. All other terms and conditions of the evidences of indebtedness shall be fixed by the board. The district may arrange for bank credit for the purposes of this section or to provide an additional source of repayment for indebtedness incurred pursuant to this chapter. The maximum principal amount of all indebtedness outstanding under this article, including the amounts drawn on available bank lines of credit, shall not at any one time exceed the lesser of either (1) the annual average of the total revenue for the three preceding years, or (2) 25 percent of the district's total outstanding bonds issued pursuant to Chapter 7 (commencing with Section 10585) and Chapter 9 (commencing with Section 10780).

(c) The authority contained in this chapter shall be in addition to the authority contained in Chapter 7 (commencing with Section 10585) and Chapter 9 (commencing with Section 10780).

10831. The district may issue refunding bonds, notes, or other evidences of indebtedness for the purpose of paying and redeeming at or before maturity any bonds, notes, or other evidences of indebtedness issued pursuant to this chapter, provided that the refunding bonds, notes, or other evidences of indebtedness shall not be in excess of the limitation of indebtedness authorized under this chapter and shall mature in not to exceed seven years from the date of the original indebtedness. Any refunding bonds, notes, or other evidences of indebtedness may, in turn, be refunded under the same terms and conditions, provided that, in no event, shall the refunding notes mature in excess of seven years from the date of the original indebtedness.

10832. General obligation indebtedness issued pursuant to this chapter shall be payable from any sources of available funds, including revenues or taxes. The board is hereby authorized to levy and collect taxes upon all property in the district subject to taxation by the district without limitation of rate or amount for the payment of the evidences of any general obligation indebtedness and the interest on that indebtedness. Any taxes shall be in addition to all other taxes levied for district purposes and shall be levied at the same time and in the same manner as other district taxes are levied and when collected shall be deposited in a special fund and shall be used for no purpose other than the payment of the principal of and interest on the general obligation indebtedness.

10833. As used in this chapter, the term "revenues of the district" shall have the same meaning as is provided in Section 54315 of the Government Code.



10834. When bonds are issued pursuant to this article, the preliminary resolution of the board adopted pursuant to this article shall take effect upon its adoption by the board, subject to the right of referendum provided for in this article. Successive issues of bonds may be authorized pursuant to this article from time to time and the authority contained in this article shall not be limited to any particular issue.

10835. Whenever a resolution authorizes the issuance of bonds pursuant to Section 10830, the board shall cause the resolution to be published in the manner provided for the publication of notices. At any time within 60 days after the date of the second publication a referendum petition, signed by voters in number equal to at least 3 percent of the total vote cast, as defined in Section 10512, demanding the submission of the resolution to a vote of the voters of the district for their assent to the issuance of the proposed bonds, may be filed with the secretary. Upon presentation to the secretary of a petition meeting the requirements of this section, the resolution that is the subject of the petition shall be of no effect unless and until it has been approved by the voters.

10836. If no referendum petition is presented within the period of 60 days, then upon the expiration of that 60-day period, or if the proposition of issuing the bonds specified in the resolution of the board adopted pursuant to this article has been assented to by a majority of the voters voting on the proposition, whether upon referendum or pursuant to Section 10837, then upon the proposition having been so assented to, the resolution shall take full and final effect, and the board may proceed in accordance with the provisions of this article and issue bonds within the terms of the resolution.

10837. The board at any time may, and upon the filing of a referendum petition as provided in Section 10835 shall, adopt a resolution calling a special election for the purpose of submitting to the voters of the district the proposition of issuing revenue bonds in conformity with the preliminary resolution adopted pursuant to this article. The resolution calling the election shall fix the date on which the election is to be held, the proposition to be submitted, and the manner of holding the election and of voting for or against the proposition, and shall state that in all other particulars the election shall be held and the votes canvassed as provided by law for the holding of elections within the district. The election may be held separately or may be consolidated with any other election authorized by law at which the voters of the district may vote. The resolution calling the election shall be published and no other notice of the election need be given. The votes of a majority of all the voters voting on the proposition at the election are required to authorize the issuance of bonds pursuant to Section 10830.

Article 2. Borrowing to Purchase Electricity

10838. The district may borrow money and incur indebtedness for the purchasing of electricity; provided that the maximum principal amount of indebtedness outstanding under this article shall not at any one time exceed twenty-five million dollars (\$25,000,000).

10839. All provisions of this chapter not inconsistent with this article and not by their terms made inapplicable to this article shall apply to all evidences of indebtedness issued pursuant to this article.



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CHAPTER 12. ANNEXATION OF PUBLIC AGENCIES

Article 1. Annexation Agreement

10850. Any public agency not included within the boundaries of the district may be annexed to the district in the manner provided in this chapter or in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). When proceedings for an annexation are taken pursuant to this chapter, only the provisions of this chapter shall apply to that annexation.

10851. The legislative body of the public agency proposed to be annexed shall agree in writing with the board upon the terms and conditions of annexation. This agreement, among other things, may provide for any of the terms and conditions authorized by the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). The corporate boundaries of the public agency to be annexed need not be coterminous with any election precincts.

10852. The terms and conditions of annexation may provide, among other things, for the levy and payment of taxes within the territory to be annexed in addition to the taxes authorized elsewhere in this division, for the fixing of rates, rentals, and charges differing from those fixed or existing elsewhere within the district, or for the making of one or more payments, or the transfer of real or personal property or other assets to the district by the public agency. Those payments may be either for the acquisition, transfer, use, or right to use all or any part of the existing property of the district or for installation and construction of facilities and equipment required to serve the annexed territory.

10853. After the legislative body of the public agency and the board have concurred upon the proposed terms and conditions, the secretary or clerk of the public agency to be annexed shall file a certified copy of the proposed agreement with the executive officer of the local agency formation commission.

10854. After the filing of the proposed agreement with the executive officer, proceedings thereon shall be taken by the local agency formation commission in the manner and subject to the provisions of Part 3 (commencing with Section 56650) of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). If the proposed annexation and agreement are approved by the commission, with or without amendment, wholly, partially, or conditionally, it shall be mandatory for the board and the legislative body of the public agency to complete the proceedings for the annexation, subject to compliance with the commission's resolution making determinations.

Article 2. Approval by District

10855. (a) The agreement shall become effective and be binding upon the district and the public agency when approved in the manner set forth in this chapter.

(b) After receipt of the resolution of the local agency formation commission making determinations, the board shall by ordinance setting forth the agreement at length declare its intention of causing it to be executed by the district.



10856. The ordinance, together with a notice fixing the time and place for hearing on the ordinance, shall be published once in a newspaper of general circulation published in the district. The time fixed for the hearing shall be not less than 30 days nor more than 60 days from the date of the first publication of the ordinance.

10857. At the hearing, any person interested may file with the board written objections to the execution of the agreement.

10858. At the hearing, the board shall determine whether or not to execute the agreement and shall hear and determine all objections to executing the agreement. Failure of any person interested in the district or in the matter of the proposed execution of the agreement to show cause in writing pursuant to Section 10857 constitutes an assent on that person's part to a change in the boundaries of the district and to the execution of the agreement.

10859. Any hearing on the agreement may be adjourned from time to time by the board without further notice other than an order to be entered upon the minutes of the meeting fixing the time and place of adjournment.

10860. If no protests are filed, or if the protests filed are overruled and denied, the board shall by resolution finally approve the agreement and authorize its execution, and that approval shall become effective when executed by the public agency, duly authorized in the manner provided in this chapter.

10861. When executed by the district, the agreement shall be dated and an executed copy filed with the secretary of the district. An executed copy shall also be filed with the secretary or clerk of the public agency to be annexed.

Article 3. Approval by Public Agency

10865. At any time after the board has finally approved the agreement of annexation, the legislative body of the public agency to be annexed shall cause an election to be held in the public agency to determine whether the public agency will be annexed to the district upon the terms and conditions stated in the agreement.

10866. Notice of election shall be published as provided in Section 10503 and shall either state that a copy of the annexation agreement is on file in the office of the secretary or clerk of the public agency proposed to be annexed, and open to the inspection of all persons interested, or set forth the terms and conditions of the agreement of annexation at length, in the discretion of the legislative body calling the election.

10867. The ballots for the election shall contain substantially the instructions required to be printed on ballots for use at general state and county elections and in addition shall set forth the proposition of annexation substantially as follows:

Shall the _____ (public agency) be annexed to the Northern California Energy Utility District in accordance with and subject to all of the terms and conditions of an agreement of annexation dated _____ now on file in the office of the clerk (or secretary) of _____ (public agency)?	YES	
	NO	



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10868. If, upon a canvass of the election, it is found that a majority of all votes cast on the proposition at the election were cast in favor of the annexation, the proposition and all of the terms and conditions of the agreement of annexation shall be deemed carried and approved by the voters; except that if the terms and conditions of the agreement of annexation provide for the assumption of any indebtedness of the district by any city proposed to be annexed, the proposition of annexation shall not be deemed carried unless approved by the vote of two-thirds of all the voters voting on the proposition at the election.

10869. If the proposition fails to carry, the result shall be entered upon the minutes of the governing body of the public agency.

10870. If the proposition receives the vote of the requisite majority of voters, the governing body of the public agency shall enter in its minutes an order declaring the result of the election and shall thereupon cause the agreement of annexation to be executed by its duly authorized officers.

Article 4. Establishment of Annexation

10871. Upon receipt by the district of a copy of the agreement of annexation properly executed by the district and the public agency proposed to be annexed, the board shall pass a resolution declaring the public agency annexed to the district. Thereupon the secretary of the district shall make the filings provided for in Chapter 8 (commencing with Section 57200) of the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code). The annexation shall be complete and effective on the dates specified in the Cortese-Knox-Hertzberg Act.

Article 5. Annexation of Territory Annexed to Public Agencies

10875. Upon the completion of the annexation of any territory in accordance with law to any city included in the district, the city clerk shall file with the secretary of the district a certified copy of the ordinance, resolution, or other document completing said annexation, containing a description of the territory so annexed. Unless the district, within 90 days after that filing, files with the city clerk the district's written objections to the annexation of that territory, or to a specified portion or portions of the territory, to the district, that territory, or the portion or portions as to which the district does not object to annexation, shall upon the termination of the 90-day period be deemed incorporated into and annexed to the district, and thereafter is subject to taxation, along with the entire territory of the district in accordance with the assessable valuation of the property of the district, for general district purposes, and for the payment of any indebtedness incurred before or after the annexation by the district. Any objection filed with the city clerk by the district as to a portion or portions of the territory shall describe the portion or portions.

10876. If the district files its objections pursuant to Section 10875 to the annexation of territory or any specified portion or portions thereof to the district, that territory, or the portion or portions thereof so objected to, shall not be annexed to the district except in the manner provided in the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5



of the Government Code). Prior to the expiration of the 90-day period referred to in Section 10875, the district may from time to time withdraw its objections to the annexation of territory or any specified portion or portions thereof by filing with the city clerk a certified copy of a resolution or resolutions of the board stating that the objections to the annexation of the territory or any specified portion or portions of the territory are withdrawn. Thereupon that territory, or the portion or portions as to which objections are withdrawn, shall be deemed incorporated into and annexed to the district as provided in Section 10875. Any resolution or resolutions filed with the city clerk withdrawing the district's objections to the annexation of a portion or portions of territory shall describe the portion or portions.

Article 6. Effect of Annexation

10880. Commencing on the date of annexation, the board shall levy upon all of the property in the public agency annexed those taxes, tolls, or charges as are necessary to provide funds for the payment of the indebtedness assumed by the public agency or otherwise necessary to comply with the terms and conditions of the annexation agreement, all in addition to the general district taxes authorized elsewhere in this division to be levied and collected.

10881. No annexation of a public agency to a district shall dissolve or terminate the legal existence of the public agency annexed.

CHAPTER 13. EXCLUSION OF TERRITORY

Article 1. Exclusion of Unincorporated Territory

10890. Any territory contained within the district not operating any utility and not included within the boundaries of any incorporated city and not benefited in any manner by the district or by its continued inclusion in the district may be excluded from the district by proceedings pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Division 3 (commencing with Section 56000) of Title 5 of the Government Code).

Article 2. Exclusion of Incorporated Territory

10895. If the city to which any territory included in any district has been annexed already serves electricity or gas to the territory annexed, the city council or other governing body of the city may propose an agreement for the exclusion of that territory from the district.

10896. The agreement for exclusion shall be authorized and executed and proceedings for that exclusion taken in the same manner as provided in Chapter 12 (commencing with Section 10850) for the annexation of a public agency to a district.

10897. If an order of exclusion is granted, the board and the governing body of the city shall by contract provide for the payment by the city of the proportion of the taxes and bonded indebtedness for which the territory excluded is justly liable. If they do not agree, either may petition the superior court in and for the county in which the property is located for a judgment declaring the proportion of the taxes and bonded



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indebtedness for which the territory excluded is justly liable. The proceeding shall be governed by the provisions of the Code of Civil Procedure relating to declaratory relief.

10898. The order of exclusion shall not invalidate in any manner any taxes or assessments previously levied or assessed against the lands excluded, shall not relieve the property excluded from any outstanding bonds that are a lien on that property at the time of exclusion, and shall not relieve the property from any taxes to pay the principal or interest of those bonds.

CHAPTER 14. HEARINGS

10900. Before any rates and charges for electrical service furnished by a district are fixed or changed, the general manager shall file with the board a report and recommendation on the question in writing. Within 40 days thereafter the board shall hold a public hearing on the report and recommendation. Prior to the hearing, notice of the time and place of hearing shall be published within the district pursuant to Section 6066 of the Government Code.

10901. Before the board adopts any change in rates and charges for electrical services furnished by the district intended to increase or decrease revenues, the general manager shall file with the board a report and recommendation on the proposed changes in writing. Within 90 days, but not less than 30 days after the report is filed, except when unanticipated events cause a sudden and significant change in the district's financial condition requiring an immediate response, the board shall hold a hearing on the report and recommendation. Notice of the time and place of the hearing shall be published within the district pursuant to Section 6063 of the Government Code, except that, in the case of an unanticipated event requiring an immediate response, notice may be given pursuant to Section 6063a of the Government Code.

10903. The report and recommendation of the general manager filed pursuant to Section 10901 shall include all of the following:

- (a) The most recent annual report submitted pursuant to Section 10571.
- (b) A statement of sales volumes by customer types for the preceding two years and estimates of sales volumes for the two years following.
- (c) A statement of sources and dispositions of funds for the preceding two years and estimates of sources and dispositions of funds for the two years following, whether or not the rate change does occur.
- (d) A statement of capital expenditures anticipated during the two years following.
- (e) In sufficient detail to permit an assessment of the need for any proposed changes, a statement of each category of expense for the preceding two years, and estimates of each category of expense for the two years following.
- (f) Other information as the general manager believes will explain or justify the proposed rate change.
- (g) The basis for the allocation of the overall revenues among the various types of customers of the district.

10904. At the hearing held pursuant to Section 10900 or 10901, the board shall do both of the following:

- (a) Permit any member of the public who has given 10 days' advance written notice to present nonduplicative testimony on the proposed rate change or on any alternatives.



(b) Consider any report and recommendations submitted in writing by any member of the public on alternatives to the rate changes proposed by the general manager.

10905. (a) The district or any interested person may bring an action pursuant to Chapter 9 (commencing with Section 860) of Title 10 of Part 2 of the Code of Civil Procedure to determine the validity of district rates or charges.

(b) Notwithstanding any other provision of law, any judicial action or proceeding to attack, review, set aside, void, or annul an ordinance, resolution, or motion fixing or changing rates or charges for electrical or gas service furnished by the district shall be commenced within 120 days of the effective date of the ordinance, resolution, or motion.

CHAPTER 15. CIVIL SERVICE SYSTEM

10910. (a) The board shall determine whether to continue to provide nonmanagement services through contracts with Northern California Energy Utility Services. The board may propose a civil service system and seek statutory authority for that system. Any grant of statutory authority to establish a civil service system for the district shall be subject to referendum by the voters of the district.

(b) If the board determines to continue to provide nonmanagement services through contracts with Northern California Energy Utility Services or until the board has obtained authority to implement, and has completed implementation of, a civil service system, out of the rates collected by the district, the board shall transfer sufficient moneys to Northern California Energy Utility Services to pay the salaries and benefits of all employees and independent contractors of Northern California Energy Utility Services and any other debts lawfully incurred by that corporation.

CHAPTER 16. RETIREMENT SYSTEM

10950. (a) The board shall determine whether to adopt a district retirement system and seek statutory authority for that system, or to continue to provide for retirement benefits through contracts with Northern California Energy Utility Services. The board may propose a retirement system and seek statutory authority for that system. Any grant of statutory authority to establish a retirement benefits system for the district shall be subject to referendum by the voters of the district.

(b) If the board determines to continue to provide retirement benefits for nonmanagement employees through contracts with Northern California Energy Utility Services, or until the board has obtained authority to implement, and has completed implementation of, a retirement system, out of the rates collected by the district, the board shall transfer sufficient moneys to Northern California Energy Utility Services to pay the retirement benefits of all employees of Northern California Energy Utility Services.

SEC. 27. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes



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the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

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