

Anaheim Public Utilities
Estimated Cost Impacts of Recent Legislation Impacting Electric Operations

		Estimated Cost of Implementation	Estimated Rate Impact	Penalties / Other Potential Cost Impacts	APU Legislative Representative Vote
Climate Change / Greenhouse Gas (GHG) Emissions Reduction	<p>California Global Warming Solutions Act / AB 32 (2006): Establishes a statewide goal of reducing greenhouse gas emissions to 1990 levels by 2020 through various measures.</p>	<p>Annual cost of implementation for annual reporting and annual administrative fee to California Air Resources Board: \$500,000. Annual cost for cap and trade program: \$3 million to \$5 million.</p> <p>-----</p> <p>(For related programs, see "Renewable Portfolio Standards", "Energy Efficiency", "Sulfur Hexafluoride" for additional actions required under AB 32.</p>	<p>2% increase</p> <p>-----</p> <p>For estimated rate impacts of other related programs, see: "Renewable Portfolio Standards"; "Energy Efficiency"; and "Sulfur Hexafluoride"</p>	<p>Penalties of up to \$250,000/day of violation and/or imprisonment. Potential additional financial penalty equivalent to the amount of any economic gain.</p>	<p>Assembly Yes: Umberg No: Daucher, Huff, Spitzer, Tran Senate Yes: Dunn No: Ackermann, Margett</p>
	<p>Sulfur Hexafluoride (SF6) / AB 32 (2006): Requires reductions of emissions of a gas used in electric system equipment.</p>	<p>Monitoring and documentation of SF6 usage and annual reporting to California Air Resources Board beginning in 2012: \$100,000.</p>	<p>0.03% increase</p>	<p>Penalties of up to \$250,000/day of violation and/or imprisonment. Potential additional financial penalty equivalent to the amount of any economic gain.</p>	<p>Assembly Yes: Umberg No: Daucher, Huff, Spitzer, Tran Senate Yes: Ackermann, Correa, Margett</p>
	<p>GHG Reductions - Waste Heat / AB 1613 (2007): Requires development of a program to allow any customer to utilize combined heat and power systems, and provides for the purchase of excess electricity that they may generate.</p>	<p>Annual costs for tracking and administration, may have additional financial implications depending upon program development and participation levels: \$100,000 .</p>	<p>0.03% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p>	<p>Assembly Yes: Huff, Silva, Solorio, Spitzer, Tran No vote: Duvall Senate Yes: Ackermann, Correa, Margett</p>
	<p>Long-Term Contract Restrictions for Generation / SB 1368 (2006): Prohibits utilities from entering into contracts for longer than 5 years for generation unless emissions levels are substantially reduced.</p>	<p>Annual costs to monitor, verify compliance, and meet reporting requirements, as necessary: \$100,000. Costs do not include those related to the inability to extend participation in coal based generating resources.</p>	<p>0.03% increase</p>	<p>Financial penalties not specified. Energy Commission may investigate and enforce provisions for failure to meet target.</p>	<p>Assembly Yes: Umberg No: Daucher, Huff, Spitzer, Tran Senate Yes: Dunn No: Ackermann, Margett</p>

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Renewable Portfolio Standard (RPS)	<p>Renewable Portfolio Standard (RPS) / SB1X 2 (2011): This law passed in special session in 2011 and requires that California utilities meet 33% of their customer's energy needs with renewable energy by the year 2020. The renewable energy requirements began in 2011 and require that specific increasing targets for the purchase of renewable energy be met in the years leading up to 2020. Currently, the costs for renewable energy are more expensive than the costs for fossil fuel based energy.</p> <p>SB 107 (2006): Established California's previous RPS target of 20% by 2010. Requires annual reporting to the California Energy Commission.</p> <p>SB 1078 (2002): Required establishment of RPS targets, as well as an annual report to customers on public benefits fund expenditures. (AB 1890 enacted prior to this required that utilities spend 2.85% of their income public benefit programs - see AB 1890 listing below for program details)</p>	<p>Annual cost to add renewable generation resources to meet a target of 33% RPS by 2020: \$50 million.</p>	<p>7% to 12% increase from 2013 to 2020 (12% to 17% overall increase from 2002 to 2020)</p>	<p>Financial penalties not specified; however, the current CPUC minimum penalty for non-compliance is \$50 per MWh. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and anydamages attributed to noncompliance.)</p>	<p>SB1X 2 Assembly Yes: Solorio, Miller No: Hagman, Norby, Silva, Mansoor Senate No: Correa, Walters, Huff</p> <p>SB 1078 Assembly Yes: Campbell, Correa, Maddox No: Daucher, Harman, Pacheco Senate Yes: Dunn No: Ackermann, Margett</p> <p>SB 107 Assembly Yes: Umberg No: Daucher, Huff, Spitzer, Tran Senate Yes: Dunn No: Ackermann, Margett</p>
	<p>Power Content Label / SB 1305 (1997): Requires an annual report to customers and the California Energy Commission on the source and percentage of each type of generation resource that a utility uses.</p>	<p>Annual costs for the collection of data, development and submittal of an annual report to customers and the California Energy Commission: \$150,000.</p>	<p>0.05% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p>	<p>Assembly Yes: Ackerman, Baugh, Campbell, Miller, Morrissey, Pringle Senate Yes: Hurtt, Lewis, Mountjoy</p>

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Energy Efficiency Programs	<p>Generating Resource Loading Order / SB 1037 (2005): Requires utilities to utilize cost-effective, feasible and reliable energy efficiency and demand reduction resources <u>before</u> procuring fossil fueled resources.</p> <p>Energy Efficiency Programs / AB 2021 (2006): Requires annual targets to be set for energy efficiency saving and demand reductions for the 10-year period between 2007 and 2016. Requires annual reporting to customers and the California Energy Commission.</p> <p>Energy Efficiency Programs / AB 758 (2009): Requires development of a comprehensive program to achieve greater energy savings in existing residential and nonresidential building stock.</p>	<p>Cost to accelerate energy efficiency / demand reduction by 1% a year, to reach the 10% goal over required 10 year time horizon: \$60 million (2007-2016) or approximately \$5.2 million annually.</p>	<p>1.6% increase</p>	<p>Financial penalties not specified. California Energy Commission is authorized to review program and targets, and provide recommendations for possible improvements.</p>	<p>SB 1037 Assembly Yes: Umberg No: Daucher, Harman, Huff, Spitzer, Tran Senate Yes: Dunn No: Ackermann, Margett</p> <p>AB 2021 Assembly Yes: Daucher, Tran, Umberg No: Huff, Spitzer Senate Yes: Ackermann, Margett No vote: Dunn</p> <p>AB 758 Assembly Yes: Solorio No: Hagman, Miller, Silva, Tran Senate No: Huff, Walters</p>
	<p>Energy Consumption Records / AB 1103 (2007): Requires utilities to maintain records of non-residential energy consumption data and to provide 12 months of usage data to the U.S. Environmental Protection Agency when requested by customer.</p>	<p>Annual cost to maintain and provide twelve months of consumption data upon request of required customers: \$100,000.</p>	<p>0.03% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p>	<p>Assembly Yes: Solorio, Spitzer, Tran No: Huff, Silva No vote: Duvall Senate Yes: Ackerman, Correa No vote: Margett</p>

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Solar Energy / Net Metering / Feed-in Tariffs	<p>Solar Incentives & Net Metering / SB 1 (2006): <i>Adoption of a Solar Incentive Program offering a minimum incentive of \$2.80 watt beginning in 01/01/08 and declining by 7% each year thereafter to offset the cost of solar generation projects.</i></p>	<p><i>Required to spend a total of \$35 million in incentives through the year 2016, equates to approximately \$3.8 million annually.</i></p>	<p>1% to 1.5% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p> <p>Assembly Yes: Daucher, Tran, Umberg No: Huff, Spitzer Senate Yes: Dunn, Margett No: Ackerman</p>
	<p>Increased Net Metering / AB 510 (2010): <i>Requires utilities to increase amount of allowable net metering from solar and wind projects from 2.5% to 5% of a utility's aggregate peak demand. Net metering projects reduce utility sales to customers.</i></p>	<p><i>Annual cost associated with potential loss of sales revenue: \$2.5 million.</i></p>	<p>~1% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p> <p>Assembly Yes: Silva, Solorio, Tran No: Hagman, Miller, Norby Senate Yes: Correa No: Walters No vote: Huff</p>
	<p>Distributed Renewable Generation / SB 32 (2009): <i>Requires utilities to purchase electricity from a retail customer's renewable facility up to 3 megawatts in capacity. This is known as the Feed-in Tariff (FIT) Program.</i> Feed-in Tariff Avoided Costs / SB 1332 (2012): <i>Requires utilities to take into <u>consideration</u> the avoided costs (transmission and distribution upgrades) and current and anticipated environmental/greenhouse gas compliance costs when developing its feed-in tariff rate. This has been implemented as part of the FIT Program (SB 32 above).</i></p>	<p><i>Annual costs for monitoring and administration: \$100,000.</i> <i>Additional costs related to the purchase of renewable energy included in SB 1078 cost estimates above.</i></p>	<p>0.03% to 0.3% increase</p>	<p>Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)</p> <p>SB 32 Assembly Yes: Solorio No: Hagman, Miller, Silva, Tran Senate Yes: Correa, Huff, Walters</p> <p>SB 1332 Senate Yes: Correa No: Huff, Walters Assembly Yes: Solorio No: Hagman, Miller, Mansoor, Norby, Silva</p>

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Solar Energy / Net Metering / Feed-in Tariffs	Net Metering Compensation / AB 920 (2009): Adoption of a standard contract that allows customer generators of renewable energy (wind or solar only) to select either a credit or monetary compensation for surplus generation.	Annual cost to tracking and pay customers for surplus energy: \$100,000. Additional costs related to the purchase of renewable energy included in SB 1078 cost estimates above.	0.03% increase	Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)	Assembly Yes: Solorio No: Hagman, Miller, Silva, Tran Senate No: Correa, Huff, Walters
	Net Metering Load Aggregation / SB 594 (2012): Allows renewable energy generators to aggregate the energy loads of facilities on adjacent properties, if utility determines that cost shifts to customers <u>would not result</u> by the generator avoiding payment of their share of transmission, distribution, reliability and other costs.	Annual revenue reductions: \$5 million, if certain generators were allowed to avoid costs.	0.5% to 1% increase, if certain generators were allowed to avoid costs.	Potential criminal penalties of up to \$50,000 per offense under the Public Utilities Act.	Assembly Yes: Norby No: Hagman, Miller, Mansoor Senate No: Correa, Walters
Electric Industry Restructuring	The Electric Utility Industry Restructuring Act / AB 1890 (1996): Establishes Public Benefit Fund (PBF) program for funding of public interest programs.	Public Benefits Funds (PBF) include funds for renewable resources, low income assistance, research and development and energy efficiency. PBF are equal to 2.85% of net operating revenue or approximately \$7.5 million annually. No PBF is allowed to support Renewable Portfolio Standard Activities (SB 1078 and SB 107) or Solar Incentives (SB1).	2.85% increase	Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)	Assembly Yes: Ackerman, Baugh, Conroy, Miller, Morrissey, Pringle Senate Yes: Hurtt, Lewis, Mountjoy

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Reliability	<p>Resource Adequacy / AB 380 (2005): <i>Requires utilities to meet minimum regional electricity planning reserve and reliability requirements by procuring a specified amount of generating capacity within the local area</i></p>	<p><i>Annual costs for purchase of local generating capacity to meet requirements: \$11 million initially, decreased to \$3 million with the completion of the Canyon Power Plant. This amount will further decrease to \$1.5 million annually when the Brea Landfill project is completed.</i></p>	3% increase	Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)	<p>Assembly Yes: Daucher, Harman, Huff, Spitzer, Tran, Umberg Senate Yes: Dunn, Ackermann, Margett</p>
	<p>Smart Grid Deployment / SB 17 (2009): <i>Requires utilities to develop Smart Grid Deployment plans.</i></p>	<p><i>Cost of development and maintenance of Smart Grid 5-year plan: \$5.9 million over a three year period.</i></p>	~1% increase	Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)	<p>Assembly Yes: Hagman, Miller, Solorio, Silva, Tran Senate Yes: Correa, Huff, Walters</p>
	<p>Energy Storage Targets / AB 2514 (2010): <i>Requires publicly owned utilities to determine if energy storage resources are appropriate. Energy storage resources include certain technologies and/or applications. If these resources are determined to be appropriate, specific targets for their implementation must be set by 10/1/14 and achieved by 12/1/16.</i></p>	<p><i>Evaluate implementation of energy storage technology: \$100,000.</i> <i>Hearing on energy storage technology/targets: \$75,000.</i> <i>Report to Energy Commission: \$50,000.</i></p>	0.07% increase	Financial penalties not specified. Potential for civil suit for non-compliance. (Potentially could result in cost to implement and any damages attributed to noncompliance.)	<p>Assembly No: Hagman, Miller, Norby, Silva, Tran No vote: Solorio Senate No: Correa, Huff, Walters</p>
	<p>Reliability Requirements / Energy Policy Act of 2005: <i>Establishes federal mandatory electric reliability standards.</i></p>	<p><i>Development of the Department's Internal Compliance Program: \$350,000.</i> <i>Annual costs for implementation and bi-annual filings (January and July): \$150,000.</i></p>	0.05% increase	Civil penalties under the Energy Policy Act of 2005 of up to \$1 million per day per requirement.	<p>House No: Sanchez, Royce, Miller Senate Yes: Boxer, Feinstein</p>

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Market Participation	Prohibition of Market Manipulation / Energy Policy Act of 2005: Establishes prohibitions against electric energy market manipulation.	Annual cost for training: \$75,000.	0.02% increase	Civil penalties under the Energy Policy Act of 2005 of up to \$1 million per day per violation.	House No: Sanchez, Royce, Miller Senate Yes: Boxer, Feinstein
	Financial Market Reform/Dodd-Frank Act of 2010: This law was passed in response to the financial crisis of 2010, it establishes reforms to the federal regulation of certain financial transactions. A previous concern shared by the whole electric utility industry is the regulation of utility-related transactions made to serve customers. The final regulations generally exempt these transactions but there are recordkeeping requirements needed in order to support the exemption of these transactions. Both publicly owned utilities and investor owned utilities worked to ensure that these regulations address the original concern related to the financial markets, and minimally impact electric utilities and their customers who played no part in the financial melt down.	Potential annual cost of reporting & recordkeeping: \$25,000 to \$100,000. Potential costs of additional requirements on electric transactions.	0.5% to 4% increase	Penalties under the Commodities Exchange Act of up to \$1 million and/or imprisonment per violation.	House Yes: Sanchez No: Miller, Royce Senate Yes: Boxer, Feinstein

Total estimated rate impact over the next 10 years for those programs not already included in the rate base is between an 8% to 13% increase, provided that there are no significant changes in the assumptions.

Does not include estimates of costs of any pending legislation, or one time cost impacts.

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