health care on request shall be deemed to be a provider of health care, an employer, and a third-party administrator. *[A. Floor]*

RECENT MEETINGS

At its February 6 meeting, OMBC reviewed the Department of Health Services' draft guidelines regarding the transmission of bloodborne pathogens in health care settings. OMBC is expected to consider the adoption of the guidelines at a future meeting. (*See* agency report on MEDICAL BOARD OF CALIFORNIA for related discussion.)

At its May 8 meeting, OMBC passed a resolution authorizing Executive Director Linda Bergmann to sign a contract with the DCA's Division of Investigation for the purpose of conducting investigations into allegations of violations of state laws regulating the activities of osteopathic physicians. OMBC also passed a resolution authorizing Bergmann to execute—on the Board's behalf—a three-year contract with Occupational Health Services, Inc., for the administration of OMBC's diversion program for substance-abusing licensees.

Also at its May meeting, Board members who attended the annual meeting of the Federation of State Medical Boards gave reports to other OMBC members regarding key issues discussed at the meeting, including quality of care concerns such as enforcement standards and discipline of incompetent or dishonest physicians, and a study of physician malpractice claim resolutions.

FUTURE MEETINGS

August 21 in Costa Mesa (tentative).

PUBLIC UTILITIES COMMISSION

Executive Director:
Neal J. Shulman
President: Daniel Wm. Fessler
(415) 703-1487

The California Public Utilities Commission (PUC) was created in 1911 to regulate privately-owned utilities and ensure reasonable rates and service for the public. Today, under the Public Utilities Act of 1951, Public Utilities Code section 201 *et seq.*, the PUC regulates the service and rates of more than 43,000 privately-owned utilities and transportation companies. These include gas, electric, local and long distance telephone, radio-telephone, water, steam heat utilities and sewer companies; railroads, buses, trucks, and vessels transporting freight or passengers; and wharfingers, carloaders, and pipeline operators. The Commission does not regulate city- or district-owned utilities or mutual water companies.

It is the duty of the Commission to see that the public receives adequate service at rates which are fair and reasonable, both to customers and the utilities. Overseeing this effort are five commissioners appointed by the Governor with Senate approval. The commissioners serve staggered six-year terms. The PUC's regulations are codified in Chapter 1, Title 20 of the California Code of Regulations (CCR).

The PUC consists of several organizational units with specialized roles and responsibilities. A few of the central divisions are: the Advisory and Compliance Division, which implements the Commission's decisions, monitors compliance with the Commission's orders, and advises the PUC on utility matters; the Division of Ratepayer Advocates (DRA), charged with representing the long-term interests of all utility ratepayers; and the Division of Strategic Planning, which examines changes in the regulatory environment and helps the Commission plan future policy. In February 1989, the Commission created a new unified Safety Division. This division consolidated all of the safety functions previously handled in other divisions and put them under one umbrella. The Safety Division is concerned with the safety of the utilities, railway transports, and intrastate railway systems.

On February 11, Governor Wilson named P. Gregory Conlon to the Commission. Conlon, a 59-year-old Republican, was the chief utilities and telecommunications partner in the San Francisco office of Arthur Anderson and Company, an international accounting firm, until he retired in August 1991. During thirty years at the firm, Conlon was in charge of auditing several California utilities. Since his retirement, Conlon has been a consultant to Alameda schools. Conlon, whose appointment requires Senate confirmation, will fill a six-year term and occupy one of the seats left vacant by the resignation of Mitchell Wilk in October 1991 and the expiration of John Ohanian's term on December 31, 1992.

MAJOR PROJECTS

Pacific Bell Fined $50 Million for Improper Late Charges. On May 19, the PUC fined Pacific Bell $50 million for regularly charging its customers improper late fees and connection charges. *[12:4 CRLR 31, 227; 12:2&3 CRLR 38, 259]* In its decision, the Commission upheld the earlier findings of Administrative Law Judge (ALJ) Kim Malcolm, but reduced the size of the penalty she recommended.

On April 6, ALJ Malcolm issued a proposed decision finding that Pacific Bell wrongfully charged customers late fees and connection fees when in fact the customers had paid their bills on time or had their service improperly disconnected. Pacific Bell failed to record payments when received, resulting in improperly assessed late payment charges for timely payments. ALJ Malcolm noted that one PacBell customer routinely sent his bill ten days before it was due, yet he was just as routinely assessed late payment charges.

The proposed decision concluded that Pacific Bell managers knew about internal payment processing problems, yet failed to correct them because of the complexity of its system and the cost involved in adopting stricter processing standards. Pacific Bell's management received numerous complaints regarding substandard payment processing between 1986 and 1990, and the PUC notified PacBell management regarding the growing problem in 1987. According to Malcolm, consumers were assessed improper charges on more than seven million occasions between 1986 and early 1991. However, no formal action was taken until February 1991, when the *San Diego Union* published an article exposing the situation.

Pacific Bell's corrective measures, including advertisements in over one hundred newspapers, failed to inform customers of the full extent of the problem, according to Malcolm. "If it was the intent of Pacific to provide truthful and complete information to its customers, it failed to do so either because of mismanagement or a lack of interest." Malcolm further stated, "We are disappointed that so little attention was given to these problems until after the matter became public. We expect that in the future a newspaper article will not be required to motivate Pacific's managers to action when its employees and customers identify circumstances which result in tariff violations." In her proposed decision, ALJ Malcolm recommended that the Commission fine Pacific Bell a total of $65 million, including a $33 million penalty and an order requiring the phone company to refund $32 million to affected customers. Malcolm explained the fine: "The intent of the penalty is to signal Pacific's management and shareholders that we will not countenance service problems and tariff violations that are systematic and ongoing."

In its decision, the Commission increased the required refund to $35 million and reduced the penalty to $15 million,

resulting in one of the largest fines ever levied against a utility company. Half of the penalty will be used to assist low-income customers with deposits and connection charges, while the other $7.5 million must be used to lower rates for all customers. Pacific Bell will distribute refunds by attempting to contact customers who might be owed a refund for incorrect late payments and reconnection charges. Any remaining amount of the $35 million refund will go the state's general fund.

Toward Utility Rate Normalization (TURN) filed the initial complaint against PacBell in March 1991 after the consumer organization learned about the late payment charges, and originally requested a $50 million fine in addition to $35 million in refunds. However, TURN Executive Director Audrie Krause hailed the Commission's ruling as "a strong victory for consumers," further noting that "this should be sufficient to get their stockholders to ask some questions about how that company is being managed."

John Gueldner, Pacific Bell's regulatory vice president, reacted to the situation: "This was all the result of a processing error that we immediately set out to fix the minute we learned of it in 1991." He added that the company will likely petition the Commission for a rehearing and does not believe a penalty is justified. "This was a mistake and not an intentional effort to seek financial gain."

Pacific Bell Responds to Lifeline Service Show Cause Order; PUC Increases Lifeline Surcharge to Bolster Ailing Program. On February 1, Pacific Bell filed its response to the Commission's order to show cause in D.92-11-063, explaining why the company refuses to reimburse the PUC's Universal Lifeline Telephone Service (ULTS) Fund for alleged overcharges in the sum of $35.7 million. In an October 1992 audit report, the Commission's Advisory and Compliance Division (CACD) said that Pacific Bell overcharged the ULTS program, which subsidizes basic telephone service for low-income California residents. On October 26, Pacific Bell refused to pay the requested amount. On November 23, the PUC responded by issuing D.92-11-063, a show cause order requesting PacBell's explanation. *[13:1 CRLR 136]*

In its response, Pacific Bell contended that its claims against the ULTS fund were reasonable and justified, and that it had actually underbilled the Fund. PacBell objected to CACD's audit report on a number of grounds, claiming that although CACD now criticizes PacBell's recordkeeping, it has been approving PacBell's claims against the Fund on the basis of this same documentation since July 1984. PacBell also argued that CACD has presented no evidence of overbilling, and that its claims for reimbursement are "clearly within a range of reasonableness."

The response also focused on reimbursement for service representative activities performed for the ULTS program. According to Pacific Bell, the company sought and received reimbursement of approximately $27 million in service representative expenses between June 1984 and 1989, and CACD now claims that PacBell should reimburse the ULTS Fund for all of these previously approved claims. PacBell contends that it "would not have incurred these expenses absent the ULTS program and ...[its] methodology is reasonable."

Pacific Bell also disagreed with CACD's proposal to disallow the company's reimbursement claim for service and conversion charges (SCCs) it waived to customers between January 1, 1987 and March 31, 1987. PacBell claimed that the company waived 100% of the SCCs in compliance with a 1986 directive from Victor Weisser, then the Commission's Executive Director.

On March 3, the PUC's Division of Ratepayer Advocates (DRA) replied to Pacific Bell's response. DRA supported CACD's right to audit local exchange carriers on ULTS claims, and argued that PacBell has the burden of proving that it incurred additional costs attributable to the ULTS program. DRA criticized PacBell's response as "an inappropriate redefining of the issues and a lack of cooperation," and also leveled criticism at the ULTS claim process, citing "the lack of rules and guidelines defining how to file claims and, more importantly, what expenses are to be claimed from the ULTS Fund." DRA acknowledged that Pacific Bell and other participants in the ULTS program are entitled to reimbursement for "reasonable costs incurred as a result of their participation." DRA recommended that the Commission establish clear guidelines on how the ULTS Fund program should be administered, and schedule hearings to resolve CACD audit issues.

ALJ Michael Galvin has been assigned to preside over this matter, and is expected to commence evidentiary hearings later this summer.

In a related matter, the PUC increased the surcharge that funds Universal Lifeline Telephone Service from 4% to 5% on February 3. Starting with March bills, the 5% surcharge was assessed on all long distance calls within the state. The increase guarantees the immediate future of the program, which had recently been in peril. Expenses outstripped income as the program could not handle the increasing number of low-income customers who have signed up for the service, which is attributed to the state's economic troubles. The program is used by more than two million Californians per month.

PUC to Study Pacific Telesis Spin-Off Proposal. On February 17, the PUC announced its commencement of an investigation of Pacific Telesis Group's (Telesis) proposed spin-off of its cellular subsidiaries into PacTel Corporation, an independent company of Telesis, which would remain the holding company. Telesis contends that PUC approval is not required because no change of control or acquisition is involved in the restructuring. However, the Commission asserts it has jurisdiction to review the transaction because the spin-off may affect the telephone company's regulated businesses, and the PUC would continue to regulate much of the wireless business of the spun-off entity. Telesis has agreed to cooperate with the Commission's investigation.

Under the proposed arrangement, PacTel Corporation will take control of PacTel Cellular, PacTel Paging, PacTel Teletrac, and various international operations. Telesis will continue to own and operate a combination of monopoly and competitive entities such as Pacific Bell, Pacific Bell Directory, and Telesis' information services.

Telesis believes that spinning off the wireless operations into a separate company will serve to ease regulatory constraints imposed on its wireless operations by the 1982 consent degree which dismantled AT&T. Current and proposed state and federal regulations limit Telesis from pursuing new technology ventures because of its ownership of the monopoly phone companies. The spin-off would allow each entity to operate under regulations aimed at that type of business.

The Commission's investigation will address a number of issues, including the implementation of the proposal, the rationale for the transaction, the potential costs and benefits to consumers, ratepayers, shareholders, and the California economy from the spin-off, and the financing impacts of the transaction for all entities.

Concerns regarding how the spin-off will affect consumers have been raised by a number of consumer groups, especially in the areas of lost jobs and increased rates. Some observers predict that the proposed split will result in higher residential telephone service rates while diminishing telecommunications network service. Another major issue is whether Pacific Bell ratepayers should be fully compensated for costs they may have subsidized over the years to the development of Telesis'

wireless operations. Also, consumer advocates wonder whether Telesis will be able to finance PacTel by using earnings generated by Pacific Bell ratepayers. In 1992, the PUC ordered Pacific Bell to refund $57 million for cross-subsidization violations. *[12:4 CRLR 226–27]*

Telesis has urged an expedited review of these issues by the PUC. In mid-May, Commissioner Shumway announced that if the issues raised are strictly legal issues, the Commission may be able to issue a decision by September 1; if factual issues are raised, evidentiary hearings would be required and would delay Telesis' preferred timetable. At this writing, no public hearings have been scheduled.

New Regulatory Framework Review Set to Begin. The PUC's first major review of the impact of its "New Regulatory Framework" (NRF) telecommunications decision is slated to begin with hearings scheduled throughout May, June, and July. The NRF was implemented to shift regulation from a cost-of-service structure to an incentive-based system in order to increase telephone monopoly efficiency and productivity, while streamlining the PUC's regulatory efforts. The new rate system, designed to encourage utility efficiency and avoid unfair cross-subsidization of competitive services with monopoly loop revenues, includes a rate indexing mechanism and monitoring system designed to benefit the utility and consumers. *[10:1 CRLR 151]*

The upcoming evidentiary hearings will pit Pacific Bell against the newly-formed California Alliance for Ratepayer Equity (CARE), a coalition which includes long distance carriers Sprint and MCI, Los Angeles County, the City of San Diego, the Utility Consumers' Action Network, and TURN, among others. CARE objects to how Pacific Bell is allowed to calculate its profit and rates. The coalition is calling for a $2 billion cut in PacBell's rates over the next three years. CARE argues that PacBell's 11.5% rate of return should be lowered to 9.75% because the costs of raising money for improvements has declined, mainly due to lower interest rates. Under the current profit formulation, scheduled to expire at the end of 1993, Pacific Bell is allowed an 11.5–13.5% profit level and is required to cut its costs of providing phone service by 4.5% each year. GTE, the state's second largest phone company, has already accepted a similar proposal that would effectively lower the company's rate of return and increase its productivity factor, resulting in a 4% decrease (about $53 million) in its rates over the next three years.

Pacific Bell plans to fight the coalition's efforts. PacBell officials contend that the regulatory framework is working as planned, and that its profit and productivity levels are reasonable. Company officials contend that the cuts sought by the coalition would result in a 10% rate reduction at a time when the company needs to upgrade its network and services.

At this writing, the PUC has scheduled evidentiary hearings in its NRF review proceeding for May 24–28, June 1–4, 7–11, 14–18, 21–25, 28–30, and July 1–2 and 6.

PUC Pressures Cellular Companies to Lower Rates, While Watching Federal Legislation to Preempt State Regulation of Cellular Rates. On April 21, the PUC unanimously approved a plan challenging cellular telephone operators to lower their rates in California. The plan, originally announced on March 25, is the result of the Commission's ongoing investigation into the abnormally high rates charged by cellular telephone operators in California. *[13:1 CRLR 137]*

Under pre-existing regulations, cellular carriers were allowed to lower rates on one day's notice, but had to justify a rate increase before receiving approval from the Commission. Under the modified regulations, cellular carriers which lower rates are allowed to raise them back to the existing level on one day's notice to retail customers without justification. Wholesale customers, however, are entitled to a 60-day notice if carriers plan to raise rates back to existing levels. Such notice gives wholesale customers time to notify their customers if they intend to pass on the rate increase. Allowing carriers to restore price cuts without regulatory approval should give them flexibility to raise rates they claim they need to raise in order to lower rates over the long haul. If rate decreases do not occur within 60 days of the plan's adoption, the PUC warned that it would intervene and lower the rates.

"The barrier to lower rates, if it ever existed, is gone," stated Commission President Daniel Wm. Fessler. Cellular operators claimed that their rates, among the highest in the nation, have remained at such levels because of the need to generate cash to expand the network, consumer acceptance of high prices, and fear that the PUC would not allow them to raise rates in the future if they agree to lower rates now.

Cellular operators responded to the action with mixed reactions. LA Cellular said the plan "appears to be a move in the right direction," and it expects its rates to drop over the long term. A Pacific Telesis spokesperson called the plan a "good first step" but said the company still has "some concerns."

In a related matter, Commissioner Norman Shumway warned on May 12 that a bill recently passed by the U.S. House of Representatives' Committee on Energy and Commerce would nullify the Commission's efforts to lower cellular phone rates. "The proposed legislation would preempt the states from regulating the entry and rates of all mobile telephone services," according to Shumway. "If ultimately passed by Congress, this legislation will effectively remove the states from ensuring the just and reasonable provision of local telephone service. The legislation will negate the CPUC's ability to provide any relief to the millions of consumers using these services," he concluded.

The proposed law would prevent states from setting cellular rates unless the state petitions the Federal Communications Commission (FCC) and the FCC determines cellular rates are uncompetitive or that cellular phones compete directly with regular phone service. Cellular companies contend that the bill would simply shift rate regulation jurisdiction from the state to the federal government and provide a "level playing field" which would allow them to better compete in the ever-changing industry of new wireless telephone technology. Opposition to the bill comes from resellers, the companies which buy wholesale access to cellular systems and resell the service to consumers, and who are the only current competitors to the cellular carriers. David Nelson, president of the California Cellular Resellers Association, opposes the bill because he believes that it will reduce competition and keep rates at high levels. "It will give the carriers carte blanche to raise rates," he said.

At this writing, the bill is slated to go to the House as part of the budget package. The Senate has already passed a similar bill which does not preempt state regulation of cellular rates. If the House approves its version, a conference committee would be named to iron out differences between the two bills.

PG&E Freezes Rates, Bowing to Pressure From Increased Competition and Consumer Groups. Threatened by competition and criticized by consumer groups for its high rates, Pacific Gas & Electric (PG&E) announced in April that it plans to freeze its rates for all residential, commercial, and industrial customers through 1994 and has no plans to raise its rates until at least 1995.

As a result, PG&E ratepayers will enjoy a savings of $400 million from rates the utility had proposed to increase. Moreover, the utility plans to file requests with the PUC to reduce rates for its 2,000 big-

gest business customers by about $100 million. The rate strategy can be credited to structural changes in the energy industry, where onetime monopolistic utilities now face competition and the loss of big industrial customers who have threatened to either save money by building their own powerplants or shop around for power. The industry changes have also caused Southern California Edison to reduce its rates in an effort to keep its large industrial customers.

The move was applauded by manufacturers and business groups, but later became the subject of a statement by consumer representatives that the rate freeze doesn't go far enough. In a joint statement issued on May 5, DRA, TURN, the California Large Energy Users, and the Federal Executive Agencies asked the PUC to suspend what they termed "automatic rate increases" tied to inflation-related indexes that were established in 1982. The groups contend that because inflation has slowed during recent years, PG&E no longer needs a so-called "attrition mechanism" that results in automatic rate increases every year. Finally, the groups noted that the PG&E rate freeze comes, ironically, in a year of good hydroelectric generation which was already expected to cause a drop in rates.

SDG&E Pursuing Performance-Based Rates. PUC ALJ Steven Kotz is presiding over evidentiary hearings on San Diego Gas and Electric Company's request that the PUC set its rates based on a "performance-based" incentive structure, much like the new telecommunications rating scheme adopted by the Commission in its New Regulatory Framework proceeding (*see above*). *[13:1 CRLR 138–39]* Under SDG&E's proposal, the PUC would set benchmarks for the price of purchasing natural gas and the cost of generating electricity; if SDG&E is able to purchase or produce the energy for less than the benchmark, profits would be split between ratepayers and shareholders. Theoretically, ratepayers would benefit from lower rates and stockholders would receive larger dividends; ratepayers and shareholders would also share the burden of inefficiency by SDG&E.

At this writing, ALJ Kotz is expected to draft a recommended decision by midsummer.

PUC Outlines Plans for Propane Regulation. Responding to the mandate of AB 218 (Hauser) (Chapter 428, Statutes of 1991) *[11:4 CRLR 208]*, the PUC recently prepared a report detailing the price, safety, and standards of propane service in California. The report noted that a full 3% of the state's population relies on propane for home heating, with the highest usage occurring in rural areas such as the Sierras and Sierra foothills.

The report also outlined Commission findings in three areas: delivery by truck to single-tank customers, pipeline systems, and mobilehome park systems. First, the Commission concluded that it does not need to regulate the rates and quality of service of propane delivered to residences by truck, where suppliers already compete against each other on factors of price and customer service.

Second, the report concluded that while the rates and quality of service of multi-customer propane pipeline systems should not be regulated, the safety of these pipelines should be regulated by the PUC at an approximate cost of $450,000 per year. In fact, the U.S. Department of Transportation, which maintains regulatory responsibility for the safety of all propane systems serving ten or more customers, has urged the PUC to assume this jurisdiction. In addition, the PUC recommended that a Propane Safety Advisory Board be established to set safety standards for individual propane users.

Finally, the report reviewed legislative alternative addressing the needs of both owners and residents of mobilehome parks. The PUC proposed that its Safety Division, which already oversees safety of natural gas systems in mobilehome parks, also assume jurisdiction over this sector of propane use.

The Commission also acknowledged a need to develop low-income discounts for propane users similar to its existing Low-Income Ratepayer Assistance (LIRA) program for electricity and gas customers. Several of the core issues addressed in the PUC report have found their way into PUC-sponsored legislation (*see* LEGISLATION).

Commission Issues Decisions in General Freight Proceedings. On May 19, the PUC issued decisions in two ongoing proceedings relating to the regulation of transportation of general freight by truck. *[13:1 CRLR 138–39; 12:4 CRLR 229; 11:3 CRLR 192]*

Specifically, Decision 93-05-058 modifies Rules 3.21, 7.2(a), and 7.3(a) of General Order (GO) 147-C to allow each common carrier to set its rates at a level no higher than 30% (rather than the current level of 10%) over the rates in effect for the carrier during the past twelve months without seeking approval from the Commission. This order becomes effective thirty days after the Commission's decision.

Decision 93-05-059 revises other rules contained in GO 147-C, especially those governing special contracts. "Special contracts" are contracts for service which either (1) provide services over a period of not less than thirty days and include more than a single shipment, and where the carrier earns a minimum of $1,000 per month for delivered transportation services or the contract calls for substantial shipper obligations not normally provided under common carrier tariff rates by any carrier; or (2) provide services not normally provided under common carrier tariff rates by any carrier. Specifically, the Commission took the following actions:

–amended Rules 3.6, 6.3, and 6.14 of GO 147-C to delete provisions calling for annual expiration of special contracts, but retained the requirement that special contracts contain a specific termination date;

–declined to amend Rule 6.10(c), which requires the signatures of both the shipper and the carrier on contract amendments and supplements (but created an exception where the sole change to the contract is an extension of the expiration date);

–declined to amend Rule 4.2(c), which requires that all tariff, contract, and contract rate schedule filings be listed on the Commission's Daily Transportation Calendar within three working days after the date filed;

–declined to amend Rule 8.1, which requires that tariff and common carrier contract rates are not effective earlier than ten days after the rates are listed on the Calendar, to eliminate the ten-day waiting period;

–amended Rule 8.2 to allow special contracts to become effective immediately on the day they are signed by both parties, but retained the requirement that special contracts be filed and listed on the Transportation Calendar for information purposes;

–retained Rule 9, which provides for protest and suspension of tariff and common carrier contract rate filings (but not special contracts), but modified Rule 9.1 to provide that protests to tariff and common carrier contract rate filings shall be made with the Tariff File Room by letter or telegram not later than ten days after notice of the filings appear on the Daily Transportation Calendar.

Decision 93-05-059 became effective on May 19.

PUC Reviews Briefs on Train Derailments. In November 1992, PUC ALJ Robert L. Ramsey held evidentiary hearings on two recent Southern Pacific (SP) train derailments—the July 14, 1991 Dunsmuir derailment, in which almost 20,000 gallons of metam sodium were dumped into the Sacramento River, and

the July 28, 1991 derailment near Seacliff, which spilled 440 gallons of poisonous hydrazine onto Highway 101. Following the closure of the evidentiary hearings, the cases were deemed submitted to ALJ Ramsey, who must determine whether Southern Pacific's conduct in either of the two derailments violated California statutory or regulatory law and file a proposed decision for Commission review. *[13:1 CRLR 138; 12:2&3 CRLR 261–62; 11:4 CRLR 204–05]*

On March 29, SP and the PUC's Rail Safety Branch (RSB) filed concurrent opening briefs on the evidence presented at the hearings. Subsequently, RSB moved to reopen the evidentiary phase of the proceeding to enable the ALJ to consider the Association of American Railroads' Track Train Dynamics Manual into evidence. RSB believes that this manual warns of the dangers of the railroad car configuration similar to the one used by SP at the time of the Dunsmuir derailment. SP opposes RSB's reopening of the case, and has also filed a motion to strike several portions of RSB's opening brief. At this writing, ALJ Ramsey is scheduled to rule on these matters in late May or early June.

PUC Adopts New Intervenor Compensation Rules. Following a public comment period ending on May 10, the PUC approved a proposal on May 19 to repeal its existing intervenor compensation rules in Articles 18.5, 18.6, and 18.7, Title 20 of the CCR, and adopt new Article 18.8 to conform to AB 1975 (Moore) (Chapter 942, Statutes of 1992). *[13:1 CRLR 139]* At this writing, the rulemaking record is pending at the Office of Administrative Law awaiting review and approval.

PUC Seeks Party Responses on Interim Rules on Reporting of Utility-Affiliate Transactions. In August 1992, the PUC issued interim rules requiring utilities to report annually on business dealings with their affiliates, subsidiaries, and parent companies. In the same order, the Commission instituted a rulemaking proceeding in order to codify the rules into a Commission General Order, and accepted public comments on the proposed rules until March 31. *[13:1 CRLR 139; 12:4 CRLR 229]* At this writing, ALJ Brian Cragg is seeking responses to those comments by May 28; any party who desires an evidentiary hearing must request one by June 11.

LEGISLATION

SB 321 (Rosenthal), as amended May 13, would require the PUC to maintain a telecommunication education program to protect the interests of California consumers. The bill would create the Telecommunications Education Program Fund, to be administered by the Commission, and authorize the PUC to charge all telecommunication utilities doing business in the state a fee to be deposited in the Fund, with total fees collected not less than $3 million but not more than $5 million annually. The moneys in the fund, upon appropriation by the legislature, would be used by the PUC for telecommunication education grants and programs. This bill would, in effect, extend the life of the existing Telecommunications Education Trust (TET), which will disburse over $20 million to fund such programs before it sunsets in September; the TET was originally funded with a $16.5 million fine against Pacific Bell for deceptive marketing practices. *[11:4 CRLR 206; 10:4 CRLR 179] [S. Floor]*

AB 660 (Moore), as introduced February 23, would require telephone subscribers to be annually notified that use of an "800" or "900" telephone number may result in the disclosure of the subscriber's telephone number to the called party. The bill would require the PUC, by rule or order, to impose the responsibility for the notification with the telephone corporation that offers the caller identification service, in connection with an "800" or "900" service. *[A. Floor]*

AB 726 (Moore), as amended April 22, would enact the Telecommunications Customer Service Act of 1993, which would require the PUC to require telephone corporations to provide certain customer services to telecommunication customers, including sufficient information to make informed choices among telecommunications services and providers; free access to a live operator when dialing the numeral "0"; and information concerning the regulatory process and how consumers may participate in that process. It would authorize the PUC to require telephone corporations to provide additional customer services. *[A. Floor]*

AB 860 (Moore), as amended April 12, would require the PUC, in the regulation of cellular telecommunications utilities, to implement a regulatory mechanism that permits the utilities to raise and lower prices within a specified range with minimum intervention and review by the PUC. *[S. E&PU]*

AB 1289 (Moore), as amended April 15, would require the PUC to permit telephone corporations to offer telecommunications services for free, or at reduced rates, for limited periods for the purpose of encouraging customers to develop new applications and devices that use the public telecommunications network, provided that the cost of offering these services is not borne by ratepayers. *[A. Floor]*

AB 1385 (Moore), as amended May 10, would make a legislative finding and declaration that a policy for telecommunications in California is to promote economic growth, job creation, and the substantial social benefits that will result from the rapid implementation of advanced information and communications technologies by assuring adequate long-term investment in the necessary infrastructure. *[A. W&M]*

AB 1386 (Moore), as amended April 13, would declare that the policy of the State of California with regard to telecommunications services is to permit the expeditious development, testing, and market testing of telecommunications services provided that the cost of those trials is not borne by ratepayers. *[S. Rules]*

SB 318 (Rosenthal). Existing law provides that a person who knowingly, willfully, and with intent to defraud a person providing telephone or telegraph services, avoids or attempts to avoid, or aids, abets, or causes another to avoid the lawful charge, in whole or in part for telephone or telegraph services, as specified, is guilty of a misdemeanor or felony, as prescribed. As amended May 13, this bill would provide that any person who uses, or under specified conditions, possesses or manufactures a telecommunication device, as defined, intending to avoid the payment of any lawful charge for service to the device, is guilty of a crime, punishable as specified. Under existing law, telephone services, including cellular radiotelephone service, is furnished by telephone corporations subject to the jurisdiction of the PUC. This bill would require the PUC to require cellular telephone service providers to report to the PUC, within a year after enactment of the bill, and thereafter as specified by the PUC, on activities associated with customer fraud. *[S. Appr]*

AB 1656 (Polanco). Existing law prohibits a person from knowingly, willfully, and with intent to defraud a person providing telephone or telegraph service, avoiding or attempting to avoid, or aiding, abetting, or causing another to avoid the lawful charge, in whole or in part, for telephone or telegraph service by any of specified means, including, by using any deception, false pretense, trick, scheme, device, or means. As amended April 14, this bill would add to the prohibitions covered by this provision the use of conspiracy and the fraudulent use of false, altered, or stolen identification to defraud a person providing telephone or telegraph service.

This bill would also provide that any person who is the issuee of a calling card, credit card, calling code, or any other means or device for the legal use of telecommunications services and who receives anything of value for knowingly allowing another person to use the means or device in order to fraudulently obtain telecommunications services is guilty of a misdemeanor or a felony punishable pursuant to these provisions. *[A. W&M]*

AB 1662 (Moore), as amended April 14, would permit local exchange telephone corporations, for services which the PUC recognizes as fully competitive, to have tariff applications become effective within 5 days of the filing date if specified conditions are present. *[A. Floor]*

AB 1701 (Martinez), as amended April 19, would require the PUC by rule or order to require telephone corporations and providers of information-access services to provide customers with a local or toll-free telephone number or numbers to inquire about service, rates, or billing problems and to speak to a live operator during these calls. *[S. E&PU]*

AB 1740 (Horcher). Existing law provides that the disclosure of any information by a radiotelephone utility, as defined, in good faith compliance with the terms of a state or federal court warrant or order or administrative subpoena is a complete defense against any civil action brought pursuant to existing law. As amended May 4, this bill would extend the scope of this provision to apply to interexchange telephone corporations and local exchange telephone corporations. *[S. Jud]*

AB 2271 (Martinez), as amended April 22, would prohibit any officer, employee, or agent of a telephone corporation from monitoring, recording, or otherwise documenting any conversation of its employees, except as otherwise specified. *[A. W&M]*

SB 222 (Boatwright). Existing law, with specified exceptions, prohibits the operation of an automatic dialing-announcing device. Telephone calls that may be placed through those devices are required to meet certain requirements. Existing law also prohibits a telephone or telegraph corporation selling or licensing lists of residential subscribers from including the telephone number of any subscriber assigned an unpublished or unlisted access number without his/her consent, except in specified instances. As amended April 13, this bill would exempt from these prohibitions the operation of an automatic dialing-announcing device by, or access to unlisted numbers by, public law enforcement agencies, public fire protection agencies, public health agencies, public environmental health agencies, city or county emergency services planning agencies, or private for-profit agencies operating under contract with, and at the direction of, one or more of these agencies in specified instances relating to the provision of public service, public health, or emergency information relating to an actual or threatened incident affecting residents in a defined area. The bill would require that any information or records provided to a private for-profit agency pursuant to the bill be held in confidence. The bill would provide that no telephone corporation, nor any official or employee thereof, shall be subject to criminal or civil liability for the release of customer information as authorized by the bill. *[A. U&C]*

SB 320 (Rosenthal), as amended April 21, would permit the Commission to expand the funding base of the Universal Lifeline Telephone Service program surcharge to include any or all telephone corporations or telecommunications services, except for basic monthly telephone service, provided by telephone corporations (*see* MAJOR PROJECTS). *[S. Floor]*

SB 597 (Rosenthal), as amended April 21, would require the PUC to direct cellular telephone companies to revise their charges so that on cellular telephone calls that are not completed, no charges are made. *[S. Floor]*

SB 598 (Rosenthal), as amended April 12, would require cellular telephone carriers to provide the PUC, within six months of the effective date of the bill and thereafter as requested by the Commission, with information specified by the Commission concerning service quality and customer complaints. The bill would provide for the imposition of fines and sanctions on cellular telephone carriers violating its provisions. *[A. U&C]*

SB 600 (Rosenthal), as amended April 28, would require the PUC to establish a task force on telecommunications network infrastructure to make recommendations, as specified, to the Commission and to the legislature. *[S. Appr]*

SB 662 (Bergeson), as amended May 17, would require the PUC, in consultation with specified departments and representatives, to prepare and adopt a program for telecommunications services for disabled persons for motorist aid in the event of a freeway emergency, to comply with specified federal standards. *[S. Appr]*

SCR 11 (Rosenthal), as amended April 15, would encourage local telephone companies that operate in California and receive an opportunity to earn a fair profit resulting from a rate of return established by the PUC to maintain and stimulate a greater permanent labor force in California. The measure would memorialize the PUC—when determining the levels for rate of return for local exchange carriers in California, determining further regulatory changes which might impact competition of these corporations in the state, and considering any mergers, divestitures, or significant changes in ownership or control of these corporations—to also consider the impact on the state's workforce and any potential job loss resulting from those decisions. *[S. Floor]*

AB 813 (Conroy), as amended May 18, would increase the PUC's application fees for certificates of public convenience and necessity required for operation under the Highway Carriers' Act. *[A. Floor]*

SB 515 (Lewis), as amended April 15, would authorize the PUC to establish or approve rates to be charged or collected by household goods carriers that are greater than the maximum rate established by the Commission under the Household Goods Carriers Act. *[A. U&C]*

SB 564 (Alquist), as amended May 6, would permit the PUC to increase the fees it assesses against highway carriers it regulates. *[A. U&C]*

AB 1646 (Costa), as amended April 19, would authorize the Commission to delegate to its executive director or the executive director's designee the authority to issue, or authorize the transfer of, seasonal agricultural carrier permits upon a finding that the applicant or proposed transferee meets specified requirements. *[A. Floor]*

AB 1459 (Moore). Existing law requires "for-hire vessel operators" to procure accident liability protection. As introduced March 4, this bill would exclude from the definition of "for-hire vessel operators," for the purposes of accident liability protection, common carriers by vessels, and would recast that definition. This bill would also permit the PUC, in the exercise of the jurisdiction conferred upon it by law, and consistent with the state and federal constitutions regarding impairment of the obligation of contracts, to grant certificates of public convenience and necessity, make decisions and orders, and prescribe rules affecting vessel common carriers notwithstanding the provisions of any ordinance, permit, or franchise of any city, county, or other political subdivision of this state, and would provide that in the case of conflict between any certificate, decision, order, or rule of the Commission and any ordinance, permit, or franchise, the certificate, decision, order, or rule of the Commission shall prevail. *[S. E&PU]*

AB 1644 (Moore). Existing law requires the PUC, in granting an operating

permit or a certificate to a charter-party carrier, to require the carrier to maintain adequate liability insurance, as specified. As introduced March 4, this bill would prohibit any agency or local government from requiring any person, firm, or corporation holding a valid permit as a charter-party carrier to provide insurance in a manner different from that required by the Commission. *[S. E&PU]*

SB 483 (Rosenthal), as introduced February 25, would prohibit a household goods carrier from engaging, or attempting to engage, in the business of the transportation of used household goods and personal effects, office, store, and institution furniture and fixtures for compensation, by motor vehicle over any public highway in this state, unless there is in force a permit issued by the Commission authorizing these operations. *[A. U&C]*

AB 1133 (Frazee). Existing law prohibits any common carrier operating more than four trains each way per day on any main railroad track or branch line in California from running any passenger, mail, or express train that is not manned by at least one conductor and other personnel, with certain exceptions. As amended May 19, this bill would limit the application of this prohibition to common carriers operating more than five trains each way per day. *[A. W&M]*

AB 1871 (Polanco). Existing law prohibits any highway carrier from engaging in interstate or foreign transportation of property within this state without registering with the Commission and paying fees pursuant to a specified procedure, and specifies that the requirements imposed for the registration of interstate or foreign highway carriers of property and passengers shall not be in excess of the standards for registration promulgated under the provisions of the Interstate Commerce Act. As amended April 22, this bill would revise these procedures, eliminate the existing registration fees, and specify that the registration requirements imposed pursuant to the Interstate and Foreign Highways Carriers' Act shall not be construed to be in excess of the standards for registration promulgated under the provisions of the Interstate Commerce Act or under the provisions of the Intermodal Surface Transportation Efficiency Act of 1991. The bill would authorize the PUC to establish fees for initial registration and for use by other states of its registration system in accordance with specified federal regulations.

The bill would provide that it shall not become operative unless and until the Interstate Commerce Commission has adopted and made effective final regulations embodying standards set forth in the federal Interstate Surface Transportation Efficiency Act of 1991. *[A. Floor]*

SB 546 (Killea). Existing law generally requires the PUC to require the payment of fees by every common carrier and related business, and requires that the total of these fees equal the amount of the Commission's annual budget prorated to the extent of the Commission's regulatory duties with respect to each class of carrier or related business or public utility for which each particular fee is established. As amended May 11, this bill would require the PUC, commencing with the 1993–94, and in each subsequent fiscal year, to conduct an audit of the expenditure of the funds received pursuant to this provision. The bill would require that the results of this audit be reported, in writing, commencing on or before February 15, 1995, with respect to the audit for the 1993–94 fiscal year, and on or before February 15 of each year thereafter, to the appropriate policy and budget committees of the respective houses of the legislature. *[S. Floor]*

SB 141 (Alquist). Under existing law, the California Energy Commission (CEC) has specified powers and duties relating to the conservation of energy resources, and the PUC is responsible for the regulation of public utilities within the state. As amended April 15, the bill would require that, for investor-owned electric and gas utilities, regulatory decisions relating to energy conservation programs, budgets, and rate treatment for various programs (including appropriate shareholder incentives) shall be made by the CEC with input from the PUC and the Division of Ratepayer Advocates of the PUC. The bill and would require the PUC to implement these programs, as specified. *[A. NatRes]*

SB 485 (Rosenthal). Existing law makes any public utility and any corporation other than a public utility, and any officers, agents, or employees of those entities, which violate the Public Utilities Act guilty of a misdemeanor and subject to specified fines. As amended April 19, this bill would increase specified fines. *[A. U&C]*

SB 498 (Rosenthal). Existing law authorizes the PUC to award "intervenor compensation" after a proceeding to interested parties who participate or intervene in any proceeding of the PUC and who demonstrate a substantial contribution, as defined, to the proceeding and a significant financial hardship incurred as a result of the participation or intervention. As amended April 27, this bill would authorize the PUC to direct utilities to provide for partial compensation, as specified, at the commencement of a proceeding designated by the PUC as an alternative to litigation if the PUC finds that the participant is likely to make a substantial contribution and would suffer a significant financial hardship if the party participates without the benefit of partial compensation in advance. *[S. Appr]*

AB 2333 (Morrow), as amended May 5, would require public utilities to provide designated peace officers and investigators and law enforcement officers, as defined by reference to existing law, with information concerning customers, including names, birth dates, social security numbers, prior addresses, and places of employment of, and dates of service instituted by, utility customers, under specified conditions with respect to investigations relating to missing or abducted children. *[A. W&M]*

AB 2148 (Conroy), as amended April 26, would prohibit the Commission from reclassifying a group of public utility customers from one customer class to another customer class, if the reclassification would result in an increase of more than 10% in the rate charged to the affected customers, without first giving notice to the customers. *[A. Floor]*

AB 1879 (Peace). Under existing law, the meetings of the PUC are required to be open and public, in accordance with the specified provisions of law. The Commission is required to include in its notice of meetings the agenda of business to be transacted, and no item of business may be added to the agenda subsequent to the notice, absent an unforeseen emergency situation. A rate increase is specified as not constituting an unforeseen emergency situation. As amended April 22, this bill would provide that a rate decrease may constitute an unforeseen emergency situation. *[A. Floor]*

AB 1716 (Peace), as amended April 22, would prohibit the PUC from appointing any present or former employee of the Division of Ratepayer Advocates, or anyone who served as legal counsel thereto, to the position of administrative law judge within one year of the last date the employee held a position in the Division, or served as legal counsel thereto. *[S. E&PU]*

SB 1147 (Rosenthal), as amended April 15, would require the PUC to determine the total statewide dollar amount of social costs, as specified, which are embedded in regulated utility rates for delivered natural gas, and spread that amount equally as a surcharge to all consumers of natural gas in the state, whether regulated or unregulated, utility or nonutility. *[S. Appr]*

SB 335 (Rosenthal). Existing law permits the PUC to authorize natural gas utilities to construct and maintain compressed natural gas (CNG) refueling stations to be owned and operated by the utility, or to be transferred to nonutility operators; support the construction and maintenance of CNG vehicle conversion and maintenance facilities; provide incentives for conversion of motor vehicles to CNG-fueled vehicles, and incentives to promote the purchase of factory-equipped CNG-fueled vehicles; and recover through rates the reasonable costs associated with the above projects. These provisions are to be repealed on January 1, 1997.

As amended April 19, this bill would expand these provisions to include all natural gas and permit the Commission to authorize natural gas utilities to conduct research development and demonstration of advanced natural gas vehicles and natural gas vehicle refueling technologies. In addition, the bill would permit the PUC to authorize electric utilities to purchase and demonstrate to the public electric vehicles and other forms of electric transportation; conduct electric vehicle battery research, demonstration, and leasing programs; construct and maintain electric vehicle recharging facilities and equipment to be owned and operated by the utility, or to be transferred to nonutility persons or enterprises; and provide electric vehicle consumer incentives to offset all or part of the estimated initial battery costs of electric vehicles. *[S. Floor]*

AB 2363 (Moore). Existing law prohibits gas, heat, or electrical corporations and their subsidiaries that are regulated as public utilities by the PUC from conducting work for which a contractor's license is required, except under specified conditions. As amended April 19, this bill would also permit the work to be performed if the work is incidental to another utility function and is performed by a utility employee who is present on the premises for the other function. *[A. Floor]*

AB 2028 (Bronshvag), as amended April 13, would require the PUC to implement the consensus recommendations contained in the report of the California Electromagnetic Field Consensus Group dated March 20, 1992. *[12:2&3 CRLR 260] [S. E&PU]*

AB 2015 (Moore), as introduced March 5, would require the PUC, in establishing and estimating gas rates for utility electric generation customers, to consider the effect of the gas rate on raising or lowering electric rates, and the economic costs and benefits of the rate effect. *[S. E&PU]*

AB 1694 (Martinez). Existing law contains legislative findings and declarations that a principal goal of electric and natural gas utilities' resource planning and investment is to minimize the cost to society of the reliable energy services that are provided by natural gas and electricity, and to improve the environment and to encourage the diversity of energy sources through improvements in energy efficiency and development of renewable energy resources, such as wind, solar, and geothermal energy. As amended April 26, the bill would state the policy of the State of California to require the PUC to maximize the value to electric ratepayers of the electric service provided by electric utilities by permitting ratepayers to share in the benefits. The bill would require the PUC to determine, according to specified criteria, whether it is in the public interest for electrical corporations to construct and operate new electric generation powerplants. *[A. Floor]*

AB 681 (Moore). Existing law requires the PUC to annually determine a fee to be paid by every electrical, gas, telephone, telegraph, water, sewer system, and heat corporation and every other public utility providing service directly to customers or subscribers and subject to the jurisdiction of the Commission other than a railroad, except as otherwise specified. The fee is established in accordance with specified conditions. As amended April 15, this bill would revise the conditions under which this fee is established and require the PUC to maintain records necessary to account separately for all fees and charges received from each class of utility.

Existing law specifies that provisions of law relating to the employment of the Attorney General as legal counsel, the supervisory powers of the Department of General Services, including its approval of certain contracts for the hiring of services or the purchase of materials, supplies, or property, and the prohibition against specifications for bids which limit the bidding to one bidder, do not apply to the PUC with respect to any of its activities under the Public Utilities Act. This bill would remove those exceptions and apply these provisions to the Commission. *[S. E&PU]*

AB 766 (Hauser). Existing law defines a gas plant for purposes of the jurisdiction and control of the PUC pursuant to the provisions of the Public Utilities Act as all facilities for the production, generation, transmission, delivery, underground storage, or furnishing of natural or manufactured gas except propane. As introduced February 24, this bill would remove the exception for propane, thus subjecting it to regulation by the PUC pursuant to the Public Utilities Act. *[A. W&M]*

AB 1906 (Conroy), as amended May 10, would require the PUC to require every gas corporation to revise its transportation tariffs and conditions of service to eliminate all components that assess shippers of gas produced in California for the costs of intrastate and interstate transmission of gas produced outside of the state. *[A. W&M]*

AB 173 (V. Brown), as amended April 28, would limit the amount of salary paid to the President and each member of the PUC to an amount no greater than the annual salary of members of the legislature, excluding the Speaker of the Assembly, President pro Tempore of the Senate, Assembly majority and minority floor leaders, and Senate majority and minority floor leaders. *[A. Floor]*

LITIGATION

After a month-long trial, it took a jury only four hours on April 30 to absolve San Diego Gas and Electric Company (SDG&E) of all liability in the nation's first courtroom test of whether power lines cause cancer. The case, ***Zuidema v. SDG&E***, No. 638-222 (San Diego County Superior Court), attracted national attention as the plaintiffs, parents of a five-year-old girl diagnosed with a rare childhood cancer of the kidneys known as Wilms' tumor, claimed that the utility knew of alleged dangers to health caused by electromagnetic field (EMF) radiation from power lines as early as 1986 but failed to warn the public. In 1985, the Zuidemas moves into a house with a huge power line running about fifteen feet above the roof. Their daughter Mallory was diagnosed with cancer at the age of ten months; after moving from the house, three surgeries, and chemotherapy, Mallory is tumor-free.

The trial became a battle of experts, with the utility experts prevailing. SDG&E's star witness was Dr. Bruce Beckwith, an internationally recognized expert on Wilms' tumor, who testified that EMF played no role in Mallory's illness. The plaintiffs' case centered around assertions that SDG&E scientist John Dawsey warned the utility of the dangers of EMF radiation in a 1986 report, but that report was found by the jury to be outweighed by the scientific consensus that although EMF radiation may pose health risks, there are simply no data available yet to bolster the assertion that it causes cancer. *[12:2&3 CRLR 260]*

The *Zuidema* case was watched closely by attorneys, environmentalists, and the utility industry, which is still brac-

ing for a flurry of similar trials which have already cost utilities millions of dollars. As *Zuidema* ended, several other cases involving EMF exposure are still pending in California. In San Diego County, a class action has been filed against SDG&E by residents whose homes near the San Onofre nuclear power plant abut a power line, and in Fresno at least twelve teachers and children at an elementary school have been diagnosed with cancer. The cancer victims all have been identified as having spent considerable time in two classroom areas close to power lines owned by PG&E.

RECENT MEETINGS

On April 22, the PUC held the first of three hearings on the challenges and opportunities facing the electric service industry in the near future. The hearing featured a dialogue involving the chief executive officers of the four major electric power companies in California and stems from the February report issued by the PUC's Strategic Planning Division entitled *California's Electric Services Industry: Perspectives on the Past, Strategies for the Future.* The second hearing will be held on May 25, and the third on June 24.

FUTURE MEETINGS

The full Commission usually meets every other Wednesday in San Francisco.

STATE BAR OF CALIFORNIA

President: Harvey I. Saferstein
Executive Officer:
Herbert Rosenthal
(415) 561-8200 and
(213) 580-5000
TDD for Hearing- and Speech-Impaired:
(415) 561-8231 and
(213) 580-5566
Toll-Free Complaint Hotline:
1-800-843-9053

The State Bar of California was created by legislative act in 1927 and codified in the California Constitution at Article VI, section 9. The State Bar was established as a public corporation within the judicial branch of government, and membership is a requirement for all attorneys practicing law in California. Today, the State Bar has over 128,000 members, which equals approximately 17% of the nation's population of lawyers.

The State Bar Act, Business and Professions Code section 6000 *et seq.*, designates a Board of Governors to run the State Bar. The Board President is elected by the Board of Governors at its June meeting and serves a one-year term beginning in September. Only governors who have served on the Board for three years are eligible to run for President.

The Board consists of 23 members—seventeen licensed attorneys and six non-lawyer public members. Of the attorneys, sixteen of them—including the President—are elected to the Board by lawyers in nine geographic districts. A representative of the California Young Lawyers Association (CYLA), appointed by that organization's Board of Directors, also sits on the Board. The six public members are variously selected by the Governor, Assembly Speaker, and Senate Rules Committee, and confirmed by the state Senate. Each Board member serves a three-year term, except for the CYLA representative (who serves for one year) and the Board President (who serves a fourth year when elected to the presidency). The terms are staggered to provide for the selection of five attorneys and two public members each year.

The State Bar includes twenty standing committees; fourteen special committees, addressing specific issues; sixteen sections covering fourteen substantive areas of law; Bar service programs; and the Conference of Delegates, which gives a representative voice to 291 local, ethnic, and specialty bar associations statewide.

The State Bar and its subdivisions perform a myriad of functions which fall into six major categories: (1) testing State Bar applicants and accrediting law schools; (2) enforcing the State Bar Act and the Bar's Rules of Professional Conduct, which are codified at section 6076 of the Business and Professions Code, and promoting competence-based education; (3) ensuring the delivery of and access to legal services; (4) educating the public; (5) improving the administration of justice; and (6) providing member services.

In February, Governor Wilson appointed Wendy H. Borcherdt of Los Angeles to serve as a public member on the Board of Governors. Borcherdt replaces public member Kathryn Thompson, who resigned from the Board in 1992. Borcherdt is a longtime Republican who is president of Borcherdt and Associates, a public policy consulting and lobbying firm. Also in February, Senate President pro Tem David Roberti appointed Roberta L. Weintraub of Los Angeles as a public member to replace Richard Annotico, whose third term on the Board expired last fall. Weintraub has served on the Los Angeles Unified School District Board since 1979, and has twice served as its president.

MAJOR PROJECTS

Bar to Create California Legal Corps. At its January 23 meeting, the Board of Governors approved a proposal to create a task force to develop plans for the formation of a new "California Legal Corps," a program designed to increase access to justice and the legal system for low-income Californians and enhance attorney participation in legal services programs. First proposed by State Bar President Harvey Saferstein, the Legal Corps will be a vehicle for law students, recent law school graduates, and other attorneys to help low-income people obtain legal assistance, and hopefully make up for a rapidly declining level of funding for California legal services programs. The Bar, which distributes accrued interest on attorneys' client trust funds to legal services programs for the poor through its Interest on Lawyers' Trust Accounts (IOLTA) program, will be distributing about 33% less money in 1993–94 than it did in 1992–93, due to declining interest rates.

The proposed Legal Corps will have two components: a large group of volunteers who will work with legal services programs on preventive law and community education, and a one-year fellowship program for first-year lawyers which would include a small stipend and law school loan repayment assistance. The Bar also hopes to incorporate an institutionalized disaster response plan into the Legal Corps effort.

The Legal Corps may receive partial funding through a mechanism to be established in SB 536 (Petris) (*see* LEGISLATION). The bill would require the Bar to establish and manage the Corps, and specify that the program must sponsor preventive law projects, alternative dispute resolution efforts, legal support for victims of disasters, and other activities designed to help improve access to justice for all Californians. SB 536 would also allow courts to distribute unclaimed funds from class action judgments, plus interest, "in any manner the court determines is consistent with the objectives and purposes of the underlying class action"—including the California Legal Corps. Although Governor Wilson vetoed a similar bill in 1991 *[11:4 CRLR 212]*, that measure would have allowed distribution of unclaimed class action funds directly through the IOLTA program.