

AMENDED IN ASSEMBLY MAY 10, 2011

AMENDED IN ASSEMBLY APRIL 7, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1124**

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**Introduced by Assembly Member Skinner**  
(Coauthors: Senators DeSaulnier and Hancock)

February 18, 2011

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An act to add Section 383 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1124, as amended, Skinner. Low-Income Energy Efficiency program.

Existing law authorizes the Public Utilities Commission to establish programs to provide financial assistance for energy efficiency improvements. The Public Utilities Commission established the Low-Income Energy Efficiency (LIEE) program to pay for the cost of energy efficiency improvements for low-income households. Decisions issued by the commission held, among other things, that repairs or replacements of furnaces or water heating systems for a multifamily building occupied by low-income households do not qualify for financial assistance under the LIEE program.

This bill would state the intent of the Legislature to modify the application of those decisions and would require the commission to ensure that low-income multifamily rental apartment buildings, as defined, receive energy efficient furnaces and water heating systems and energy efficiency measures in common areas recommended by an energy audit pursuant to the LIEE program, a successor program, or

other energy efficiency program under the jurisdiction of the commission. The bill would impose additional requirements on the LIEE program in serving low-income multifamily rental apartment buildings.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) The Legislature enacted Chapter 470 of the Statutes of 2009  
4 (Chapter 470) and directed the Public Utilities Commission (PUC)  
5 and the State Energy Resources Conservation and Development  
6 Commission (Energy Commission) to develop policies and plans  
7 to encourage improvement to all existing buildings in California.

8 (2) Pursuant to Chapter 470, the Energy Commission is required  
9 to develop a comprehensive program to achieve greater energy  
10 savings in the state’s existing residential and nonresidential  
11 building stock and energy efficiency financing options.

12 (3) Pursuant to Chapter 470, the PUC is required to investigate  
13 the ability of the electrical corporations and gas corporations to  
14 provide various energy efficiency financing options to their  
15 customers for the purposes of implementing the program developed  
16 by the Energy Commission and to assess the implementation of  
17 the program by the electrical corporations and the gas corporations.

18 (4) The residential sector represents approximately 32 percent  
19 of the total electricity usage and 36 percent of the total natural gas  
20 consumption, and low-income households consume 27 percent  
21 more energy due to the age and condition of the housing they can  
22 afford to live in.

23 (5) The PUC has approved the use of ratepayer funds to pay for  
24 100 percent of the cost of certain energy efficiency improvements  
25 to dwellings occupied by low-income households with incomes  
26 below 200 percent of the federal poverty level in the form of the  
27 Low-Income Energy Efficiency (LIEE) program.

28 (6) More than one-half of the eligible low-income households  
29 with incomes below 200 percent of the federal poverty level live  
30 in multifamily rental apartment buildings.

1 (7) The primary opportunity for energy savings in many  
2 multifamily rental apartment buildings is in increasing the  
3 efficiency of the heating and hot water systems.

4 (8) Decision 07-12-051 issued by the PUC on December 12,  
5 2007, stated that “[w]e are not convinced that utility ratepayers  
6 should assume the costs of appliance repairs and replacements.”

7 (9) Decision 08-11-031 issued by the PUC on November 10,  
8 2008, reaffirmed the position of the PUC stated in Decision  
9 07-12-051 by ruling that “no furnace repair and replacement or  
10 water heater repair or replacement work shall occur in violation  
11 of our holding in D.07-12-051 that heating and water heating in  
12 rental housing are the responsibility of the landlord.”

13 (10) The PUC has interpreted that decision to mean that, with  
14 respect to the LIEE program, only minor repairs and adjustments  
15 may be made to furnaces and water heaters for the purpose of  
16 increasing energy efficiency. As a consequence, contractors  
17 implementing the LIEE program have generally avoided investing  
18 LIEE funds in improving the efficiency of furnaces and water  
19 heaters even though these are the largest potential energy savings  
20 in many multifamily rental apartment buildings.

21 (b) It is the intent of the Legislature to do all of the following:

22 (1) Promote the investment of existing ratepayer energy  
23 efficiency funds to increase the efficiency of furnace and water  
24 heating systems in multifamily rental apartment buildings occupied  
25 by low-income households to achieve the maximum potential  
26 energy savings in the residential sector.

27 (2) Promote the use of ratepayer funds to pay for energy efficient  
28 heating and water heater systems in multifamily rental apartment  
29 buildings and in particular in those that have contracts with federal,  
30 state, or local governmental agencies that require them to serve  
31 low-income households.

32 (3) Modify the application of Decision 07-12-051 and Decision  
33 08-11-031, insofar as those decisions disallowed the repair or  
34 replacement of furnaces and water heaters through the LIEE or  
35 other residential energy efficiency programs under the PUC’s  
36 jurisdiction.

37 SEC. 2. Section 383 is added to the Public Utilities Code, to  
38 read:

1 383. (a) (1) As used in this section, “low-income multifamily  
2 rental apartment building” means a building that meets all of the  
3 following requirements prior to receiving assistance:

4 (A) Has five or more dwelling units.

5 (B) At least 66 percent of the total dwelling units are occupied  
6 by households with incomes below 200 percent of the federal  
7 poverty level.

8 (C) A deed restriction or affordability covenant is held by a  
9 federal, state, or local governmental entity that ensures that the  
10 percentage of units described in subparagraph (B) will be available  
11 at an affordable rent for a period of at least 15 years following  
12 installation of the energy efficiency improvement.

13 (2) The commission shall establish certification requirements  
14 to implement this subdivision *based on* the United States  
15 Department of Energy’s Weatherization Assistance Program for  
16 Low-Income Persons.

17 (b) The commission shall ensure that low-income multifamily  
18 rental apartment buildings receive the following forms of assistance  
19 pursuant to the Low-Income Energy Efficiency (LIEE) program,  
20 a successor program, or other energy efficiency program under  
21 the jurisdiction of the commission:

22 (1) Energy efficient furnaces and water heating systems.

23 (2) Energy efficiency measures in common areas recommended  
24 by an energy audit.

25 (c) ~~Financial~~(1) *Except as otherwise provided in paragraph*  
26 *(2), financial assistance pursuant to this section shall be for 100*  
27 *percent of the cost of the improvement less a percentage equal to*  
28 *the ~~percent~~ percentage of total dwelling units not occupied by*  
29 *households with incomes below 200 percent ~~below~~ of the federal*  
30 *poverty level.*

31 (2) *Total expenditures on furnace and water heating replacement*  
32 *shall not exceed two thousand seven hundred dollars (\$2,700) per*  
33 *dwelling unit.*

34 (d) *Financial assistance pursuant to this section only includes*  
35 *expenditures for equipment and installation costs, and does not*  
36 *include expenditures for the costs of hiring a consultant to perform*  
37 *an energy audit or a related service.*

38 (e) *The owner or operator of the low-income multifamily rental*  
39 *apartment building shall pass any cost savings it receives pursuant*  
40 *to this section to its tenants.*

1 (f) *Each gas corporation or electrical corporation implementing*  
2 *a program pursuant to this section shall publish data on the*  
3 *installed cost of products funded pursuant to this section.*

4 ~~(d)~~

5 (g) The commission shall require the Low-Income Energy  
6 Efficiency (LIEE) program, as implemented by an electrical  
7 corporation or gas corporation, to incorporate all of the following  
8 elements in serving low-income multifamily rental apartment  
9 buildings:

10 (1) Use a whole building, performance-based approach based  
11 on site-specific measures recommended by an energy audit of the  
12 building.

13 (2) Provide a single point of entry for low-income multifamily  
14 rental apartment building residents so that they can access  
15 efficiently and effectively the Low-Income Energy Efficiency  
16 (LIEE) program and other energy efficiency program resources.

17 (3) Eliminate barriers to accessing energy retrofit programs for  
18 owners of low-income multifamily rental apartment buildings.