

**ASSEMBLY BILL**

**No. 2450**

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**Introduced by Assembly Member Hall**

February 24, 2012

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An act to amend Section 739.1 of the Public Utilities Code, relating to electricity.

LEGISLATIVE COUNSEL'S DIGEST

AB 2450, as introduced, Hall. Electrical rates.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. Existing law requires the commission to designate a baseline quantity of electricity and gas necessary to supply a significant portion of the reasonable energy needs of the average residential customer, and requires that electrical and gas corporations file rates and charges, to be approved by the commission, providing baseline rates. Existing law requires the commission, in establishing the baseline rates, to avoid excessive rate increases for residential customers. Existing law requires the commission to establish a program of assistance to specified low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program.

This bill would make a technical, nonsubstantive change to that provision.

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

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

1 SECTION 1. Section 739.1 of the Public Utilities Code is  
2 amended to read:

3 739.1. (a) As used in this section, the following terms have  
4 the following meanings:

5 (1) “Baseline quantity” has the same meaning as defined in  
6 Section 739.

7 (2) “California Solar Initiative” means the program providing  
8 ratepayer funded incentives for eligible solar energy systems  
9 adopted by the commission in Decision 05-12-044 and Decision  
10 06-01-024, as modified by Article 1 (commencing with Section  
11 2851) of Chapter 9 of Part 2 and Chapter 8.8 (commencing with  
12 Section 25780) of Division 15 of the Public Resources Code.

13 (3) “CalWORKs program” means the program established  
14 pursuant to the California Work Opportunity and Responsibility  
15 to Kids Act (Chapter 2 (commencing with Section 11200) of Part  
16 3 of Division 9 of the Welfare and Institutions Code).

17 (4) “Public goods charge” means the nonbypassable separate  
18 rate component imposed pursuant to Article 7 (commencing with  
19 Section 381) of Chapter 2.3 and the nonbypassable system benefits  
20 charge imposed pursuant to the Reliable Electric Service  
21 Investments Act (Article 15 (commencing with Section 399) of  
22 Chapter 2.3).

23 (b) (1) The commission shall establish a program of assistance  
24 to low-income electric and gas customers with annual household  
25 incomes that are no greater than 200 percent of the federal poverty  
26 guideline levels, the cost of which shall not be borne solely by any  
27 single class of customer. The program shall be referred to as the  
28 California Alternate Rates for Energy or CARE program. The  
29 commission shall ensure that the level of discount for low-income  
30 electric and gas customers correctly reflects the level of need.

31 (2) The commission may, subject to the limitation in paragraph  
32 (4), increase the rates in effect for CARE program participants for  
33 electricity usage up to 130 percent of baseline quantities by the  
34 annual percentage increase in benefits under the CalWORKs  
35 program as authorized by the Legislature for the fiscal year in  
36 which the rate increase would take effect, but not to exceed 3  
37 percent per year.

1 (3) Beginning January 1, 2019, the commission may, subject  
2 to the limitation in paragraph (4), establish rates for CARE program  
3 participants pursuant to this section and Sections 739 and 739.9,  
4 subject to both of the following:

5 (A) The requirements of subdivision (b) of Section 382 that the  
6 commission ensure that low-income ratepayers are not jeopardized  
7 or overburdened by monthly energy expenditures.

8 (B) The requirement that the level of the discount for  
9 low-income electricity and gas ratepayers correctly reflects the  
10 level of need as determined by the needs assessment conducted  
11 pursuant to subdivision (d) of Section 382.

12 (4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80  
13 percent of the corresponding tier 1, tier 2, and tier 3 rates charged  
14 to residential customers not participating in the CARE program,  
15 excluding any Department of Water Resources bond charge  
16 imposed pursuant to Division 27 (commencing with Section 80000)  
17 of the Water Code, the CARE surcharge portion of the public  
18 goods charge, any charge imposed pursuant to the California Solar  
19 Initiative, and any charge imposed to fund any other program that  
20 exempts CARE participants from paying the charge.

21 (5) Rates charged to CARE program participants shall not have  
22 more than three tiers. An electrical corporation that does not have  
23 a tier 3 CARE rate may introduce a tier 3 CARE rate that, in order  
24 to moderate the impact on program participants whose usage  
25 exceeds 130 percent of baseline quantities, shall be phased in to  
26 80 percent of the corresponding rates charged to residential  
27 customers not participating in the CARE program, excluding any  
28 Department of Water Resources bond charge imposed pursuant to  
29 Division 27 (commencing with Section 80000) of the Water Code,  
30 the CARE surcharge portion of the public goods charge, any charge  
31 imposed pursuant to the California Solar Initiative, and any other  
32 charge imposed to fund a program that exempts CARE participants  
33 from paying the charge. For an electrical corporation that does not  
34 have a tier 3 CARE rate that introduces a tier 3 CARE rate, the  
35 initial rate shall be no more than 150 percent of the CARE baseline  
36 rate. Any additional revenues collected by an electrical corporation  
37 resulting from the adoption of a tier 3 CARE rate shall, until the  
38 utility's next periodic general rate case review of cost allocation  
39 and rate design, be credited to reduce rates of residential ratepayers

1 not participating in the CARE program with usage above 130  
2 percent of baseline quantities.

3 (c) The commission shall work with the public utility electrical  
4 and gas corporations to establish penetration goals. The  
5 commission shall authorize recovery of all administrative costs  
6 associated with the implementation of the CARE program that the  
7 commission determines to be reasonable, through a balancing  
8 account mechanism. Administrative costs shall include, but are  
9 not limited to, outreach, marketing, regulatory compliance,  
10 certification and verification, billing, measurement and evaluation,  
11 and capital improvements and upgrades to communications and  
12 processing equipment.

13 (d) The commission shall examine methods to improve CARE  
14 enrollment and participation. This examination shall include, but  
15 need not be limited to, comparing information from CARE and  
16 the Universal Lifeline Telephone Service (ULTS) to determine  
17 the most effective means of utilizing that information to increase  
18 CARE enrollment, automatic enrollment of ULTS customers who  
19 are eligible for the CARE program, customer privacy issues, and  
20 alternative mechanisms for outreach to potential enrollees. The  
21 commission shall ensure that a customer consents prior to  
22 enrollment. The commission shall consult with interested parties,  
23 including ULTS providers, to develop the best methods of  
24 informing ULTS customers about other available low-income  
25 programs, as well as the best mechanism for telephone providers  
26 to recover reasonable costs incurred pursuant to this section.

27 (e) (1) The commission shall improve the CARE application  
28 process by cooperating with other entities and representatives of  
29 California government, including the California Health and Human  
30 Services Agency and the Secretary of California Health and Human  
31 Services, to ensure that all gas and electric customers eligible for  
32 public assistance programs in ~~California~~ *the state* that reside within  
33 the service territory of an electrical corporation or gas corporation,  
34 are enrolled in the CARE program. To the extent practicable, the  
35 commission shall develop a CARE application process using the  
36 existing ULTS application process as a model. The commission  
37 shall work with public utility electrical and gas corporations and  
38 the Low-Income Oversight Board established in Section 382.1 to  
39 meet the low-income objectives in this section.

1 (2) The commission shall ensure that an electrical corporation  
2 or gas corporation with a commission-approved program to provide  
3 discounts based upon economic need in addition to the CARE  
4 program, including a Family Electric Rate Assistance program,  
5 utilize a single application form, to enable an applicant to  
6 alternatively apply for any assistance program for which the  
7 applicant may be eligible. It is the intent of the Legislature to allow  
8 applicants under one program, that may not be eligible under that  
9 program, but that may be eligible under an alternative assistance  
10 program based upon economic need, to complete a single  
11 application for any commission-approved assistance program  
12 offered by the public utility.

13 (f) The commission's program of assistance to low-income  
14 electric and gas customers shall, as soon as practicable, include  
15 nonprofit group living facilities specified by the commission, if  
16 the commission finds that the residents in these facilities  
17 substantially meet the commission's low-income eligibility  
18 requirements and there is a feasible process for certifying that the  
19 assistance shall be used for the direct benefit, such as improved  
20 quality of care or improved food service, of the low-income  
21 residents in the facilities. The commission shall authorize utilities  
22 to offer discounts to eligible facilities licensed or permitted by  
23 appropriate state or local agencies, and to facilities, including  
24 women's shelters, hospices, and homeless shelters, that may not  
25 have a license or permit but provide other proof satisfactory to the  
26 utility that they are eligible to participate in the program.

27 (g) It is the intent of the Legislature that the commission ensure  
28 CARE program participants are afforded the lowest possible  
29 electric and gas rates and, to the extent possible, are exempt from  
30 additional surcharges attributable to the energy crisis of 2000–01.

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