

AMENDED IN SENATE APRIL 9, 2012

**SENATE BILL**

**No. 1207**

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**Introduced by Senator Fuller**

February 22, 2012

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An act to amend Section 739.1 of the Public Utilities Code, relating to public utility rates.

LEGISLATIVE COUNSEL'S DIGEST

SB 1207, as amended, Fuller. ~~Electricity rates.~~ *California Alternate Rates for Energy program.*

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations *and gas 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. *The Public Utilities Act requires the commission, in establishing residential electric and gas rates, to assure that the rates are sufficient to enable the electrical or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable while observing that conservation is desirable. The act requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program.*

~~This bill would state the intent of the Legislature to enact legislation that would require fair and equitable statewide electric rates~~ *authorize an electrical or gas corporation to require proof of income eligibility for those CARE program participants whose electricity or gas usage exceeds 400% of baseline usage and to remove a CARE program*

participant from the program if the program participant's monthly electricity or gas usage exceeds 600% of baseline usage for a period exceeding 120 days. The bill would authorize an electrical or gas corporation to back bill a CARE program participant for the difference between the CARE rates they paid and the rate they would have paid if they were not participating in the CARE program when the utility determines the customer does not meet the income eligibility requirements for program participation and the participant fails to provide proof of income eligibility within 90 days after receiving notice of the determination of ineligibility from the utility. The bill would authorize the commission to establish reasonable limitations on an electrical or gas corporation's authority to require back payment pursuant to this authorization. The bill would authorize an electrical or gas corporation to declare a CARE program participant to be ineligible for program participation for a period of 2 years if the utility determines that the program participant is bypassing the meter when using electricity or gas.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.  
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

1 Section 381) of Chapter 2.3 and the nonbypassable system benefits  
2 charge imposed pursuant to the Reliable Electric Service  
3 Investments Act (Article 15 (commencing with Section 399) of  
4 Chapter 2.3).

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

13 (2) The commission may, subject to the limitation in paragraph  
14 (4), increase the rates in effect for CARE program participants for  
15 electricity usage up to 130 percent of baseline quantities by the  
16 annual percentage increase in benefits under the CalWORKs  
17 program as authorized by the Legislature for the fiscal year in  
18 which the rate increase would take effect, but not to exceed 3  
19 percent per year.

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

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

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

31 (4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80  
32 percent of the corresponding tier 1, tier 2, and tier 3 rates charged  
33 to residential customers not participating in the CARE program,  
34 excluding any Department of Water Resources bond charge  
35 imposed pursuant to Division 27 (commencing with Section 80000)  
36 of the Water Code, the CARE surcharge portion of the public  
37 goods charge, any charge imposed pursuant to the California Solar  
38 Initiative, and any charge imposed to fund any other program that  
39 exempts CARE participants from paying the charge.

1 (5) Rates charged to CARE program participants shall not have  
2 more than three tiers. An electrical corporation that does not have  
3 a tier 3 CARE rate may introduce a tier 3 CARE rate that, in order  
4 to moderate the impact on program participants whose usage  
5 exceeds 130 percent of baseline quantities, shall be phased in to  
6 80 percent of the corresponding rates charged to residential  
7 customers not participating in the CARE program, excluding any  
8 Department of Water Resources bond charge imposed pursuant to  
9 Division 27 (commencing with Section 80000) of the Water Code,  
10 the CARE surcharge portion of the public goods charge, any charge  
11 imposed pursuant to the California Solar Initiative, and any other  
12 charge imposed to fund a program that exempts CARE participants  
13 from paying the charge. For an electrical corporation that does not  
14 have a tier 3 CARE rate that introduces a tier 3 CARE rate, the  
15 initial rate shall be no more than 150 percent of the CARE baseline  
16 rate. Any additional revenues collected by an electrical corporation  
17 resulting from the adoption of a tier 3 CARE rate shall, until the  
18 utility's next periodic general rate case review of cost allocation  
19 and rate design, be credited to reduce rates of residential ratepayers  
20 not participating in the CARE program with usage above 130  
21 percent of baseline quantities.

22 (c) The commission shall work with the public utility electrical  
23 and gas corporations to establish penetration goals. The  
24 commission shall authorize recovery of all administrative costs  
25 associated with the implementation of the CARE program that the  
26 commission determines to be reasonable, through a balancing  
27 account mechanism. Administrative costs shall include, but are  
28 not limited to, outreach, marketing, regulatory compliance,  
29 certification and verification, billing, measurement and evaluation,  
30 and capital improvements and upgrades to communications and  
31 processing equipment.

32 (d) The commission shall examine methods to improve CARE  
33 enrollment and participation. This examination shall include, but  
34 need not be limited to, comparing information from CARE and  
35 the Universal Lifeline Telephone Service (ULTS) to determine  
36 the most effective means of utilizing that information to increase  
37 CARE enrollment, automatic enrollment of ULTS customers who  
38 are eligible for the CARE program, customer privacy issues, and  
39 alternative mechanisms for outreach to potential enrollees. The  
40 commission shall ensure that a customer consents prior to

1 enrollment. The commission shall consult with interested parties,  
2 including ULTS providers, to develop the best methods of  
3 informing ULTS customers about other available low-income  
4 programs, as well as the best mechanism for telephone providers  
5 to recover reasonable costs incurred pursuant to this section.

6 (e) (1) The commission shall improve the CARE application  
7 process by cooperating with other entities and representatives of  
8 California government, including the California Health and Human  
9 Services Agency and the Secretary of California Health and Human  
10 Services, to ensure that all gas and electric customers eligible for  
11 public assistance programs in California that reside within the  
12 service territory of an electrical corporation or gas corporation,  
13 are enrolled in the CARE program. To the extent practicable, the  
14 commission shall develop a CARE application process using the  
15 existing ULTS application process as a model. The commission  
16 shall work with public utility electrical and gas corporations and  
17 the Low-Income Oversight Board established in Section 382.1 to  
18 meet the low-income objectives in this section.

19 (2) The commission shall ensure that an electrical corporation  
20 or gas corporation with a commission-approved program to provide  
21 discounts based upon economic need in addition to the CARE  
22 program, including a Family Electric Rate Assistance program,  
23 utilize a single application form, to enable an applicant to  
24 alternatively apply for any assistance program for which the  
25 applicant may be eligible. It is the intent of the Legislature to allow  
26 applicants under one program, that may not be eligible under that  
27 program, but that may be eligible under an alternative assistance  
28 program based upon economic need, to complete a single  
29 application for any commission-approved assistance program  
30 offered by the public utility.

31 (f) The commission's program of assistance to low-income  
32 electric and gas customers shall, as soon as practicable, include  
33 nonprofit group living facilities specified by the commission, if  
34 the commission finds that the residents in these facilities  
35 substantially meet the commission's low-income eligibility  
36 requirements and there is a feasible process for certifying that the  
37 assistance shall be used for the direct benefit, such as improved  
38 quality of care or improved food service, of the low-income  
39 residents in the facilities. The commission shall authorize utilities  
40 to offer discounts to eligible facilities licensed or permitted by

1 appropriate state or local agencies, and to facilities, including  
2 women’s shelters, hospices, and homeless shelters, that may not  
3 have a license or permit but provide other proof satisfactory to the  
4 utility that they are eligible to participate in the program.

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

9 (h) (1) *In addition to random audits of eligibility, an electrical  
10 or gas corporation may require proof of income eligibility for  
11 those CARE program participants whose electricity or gas usage  
12 exceeds 400 percent of baseline usage.*

13 (2) *An electrical or gas corporation may remove a CARE  
14 program participant from the program if the program participant’s  
15 monthly electricity or gas usage exceeds 600 percent of baseline  
16 usage for a period exceeding 120 days.*

17 (3) *If an electrical or gas corporation determines that a CARE  
18 program participant does not meet the income eligibility  
19 requirements for program participation and the participant fails  
20 to provide proof of income eligibility within 90 days after receiving  
21 notice of the determination of ineligibility, the electrical or gas  
22 corporation may require back payment for the difference between  
23 the CARE program rate and the rate that the subscriber would  
24 have been required to pay if they were not a CARE program  
25 participant. The commission may establish reasonable limitations  
26 on an electrical or gas corporation’s authority to require back  
27 payment pursuant to this paragraph.*

28 (4) *An electrical or gas corporation may declare a CARE  
29 program participant to be ineligible for program participation for  
30 a period of two years if the utility determines that the program  
31 participant is bypassing the meter when using electricity or gas.*

32 ~~SECTION 1. It is the intent of the Legislature to enact  
33 legislation that would require fair and equitable statewide electric  
34 rates.~~