

Introduced by Senator FullerFebruary 22, 2013

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

LEGISLATIVE COUNSEL'S DIGEST

SB 668, as introduced, Fuller. Electrical rates: California Alternate Rates for Energy.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical 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. Existing law requires the commission to designate a baseline quantity of electricity and gas necessary for 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, and requires the commission, in establishing baseline rates, to avoid excessive rate increases for residential customers.

Existing law 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 make technical, nonsubstantive changes to the CARE program.

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~~ a program
20 that 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 electrical and gas
4 corporations to establish penetration goals. The commission shall
5 authorize recovery of all administrative costs associated with the
6 implementation of the CARE program that the commission
7 determines to be reasonable, through a balancing account
8 mechanism. Administrative costs shall include, but are not limited
9 to, outreach, marketing, regulatory compliance, certification and
10 verification, billing, measurement and evaluation, and capital
11 improvements and upgrades to communications and processing
12 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 that reside within the
33 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.

31 (h) (1) In addition to existing assessments of eligibility, an
32 electrical corporation may require proof of income eligibility for
33 those CARE program participants whose electricity usage, in any
34 monthly or other billing period, exceeds 400 percent of baseline
35 usage. The authority of an electrical corporation to require proof
36 of income eligibility is not limited by the means by which the
37 CARE program participant enrolled in the program, including if
38 the participant was automatically enrolled in the CARE program
39 because of participation in a governmental assistance program. If
40 a CARE program participant's electricity usage exceeds 400

1 percent of baseline usage, the electrical corporation may require
2 the CARE program participant to participate in the Energy Savings
3 Assistance Program (ESAP), which includes a residential energy
4 assessment, in order to provide the CARE program participant
5 with information and assistance in reducing his or her energy usage.
6 Continued participation in the CARE program may be conditioned
7 upon the CARE program participant agreeing to participate in
8 ESAP within 45 days of notice being given by the electrical
9 corporation pursuant to this paragraph. The electrical corporation
10 may require the CARE program participant to notify the utility of
11 whether the residence is rented, and if so, a means by which to
12 contact the landlord, and the electrical corporation may share any
13 evaluation and recommendation relative to the residential structure
14 that is made as part of an energy assessment, with the landlord of
15 the CARE program participant. Requirements imposed pursuant
16 to this paragraph shall be consistent with procedures adopted by
17 the commission.

18 (2) If a CARE program participant's electricity usage exceeds
19 600 percent of baseline usage, the electrical corporation shall
20 require the CARE program participant to participate in ESAP,
21 which includes a residential energy assessment, in order to provide
22 the CARE program participant with information and assistance in
23 reducing his or her energy usage. Continued participation in the
24 CARE program shall be conditioned upon the CARE program
25 participant agreeing to participate in ESAP within 45 days of a
26 notice made by the electrical corporation pursuant to this paragraph.
27 The electrical corporation may require the CARE program
28 participant to notify the utility of whether the residence is rented,
29 and if so, a means by which to contact the landlord, and the
30 electrical corporation may share any evaluation and
31 recommendation relative to the residential structure that is made
32 as part of an energy assessment, with the landlord of the CARE
33 program participant. Following the completion of the energy
34 assessment, if the CARE program participant's electricity usage
35 continues to exceed 600 percent of baseline usage, the electrical
36 corporation may remove the CARE program participant from the
37 program if the removal is consistent with procedures adopted by
38 the commission. ~~Nothing in this~~ *This paragraph shall does not*
39 prevent a CARE program participant with electricity usage
40 exceeding 600 percent of baseline usage from participating in an

1 appeals process with the electrical corporation to determine whether
2 the participant's usage levels are legitimate.
3 (3) A CARE program participant in a rental residence shall not
4 be removed from the program in situations where the landlord is
5 nonresponsive when contacted by the electrical corporation or
6 does not provide for ESAP participation.

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