

AMENDED IN SENATE JUNE 6, 2016
AMENDED IN ASSEMBLY JANUARY 13, 2016
AMENDED IN ASSEMBLY JANUARY 4, 2016
AMENDED IN ASSEMBLY APRIL 9, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1180

Introduced by Assembly Member Cristina Garcia

February 27, 2015

An act to add and repeal ~~Section 755.5~~ *Sections 755.5 and 915* of the Public Utilities Code, relating to utility service.

LEGISLATIVE COUNSEL'S DIGEST

AB 1180, as amended, Cristina Garcia. Rates and charges for water service: payment transaction fees.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical, gas, and water corporations. 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 authorizes an electrical, gas, or water corporation to offer credit card and debit card bill payment options, if approved by the commission, and, upon approval, authorizes an electrical, gas, or water corporation to recover, through an individual customer transaction fee, reasonable transaction costs incurred by the electrical, gas, or water corporation from those customers that choose those methods of payment. Existing law includes statements of legislative intent relative to electrical, gas, and water corporations offering customers the option to pay by credit card or debit card.

This bill would, until January 1, 2022, authorize a water corporation with ~~more than 10,000~~ *2,000 or more service* connections to seek ~~commission approval~~ *approval, through its general rate case application*, to operate a pilot program designed to evaluate customer interest in, and utilization of, bill payment options, including, but not limited to, ~~credit card and debit card, debit card, and prepaid card~~ *credit card, debit card, and prepaid card* bill payment options, ~~for their water bills~~ and to assess the cost-effectiveness of, and ~~public customer~~ *public customer* interests served by, customer access to those bill payment options. *The bill would limit the duration of the pilot program to the duration of the water corporation's rate case cycle, but would authorize the commission to extend the program upon the request of the water corporation in its subsequent rate case application.* The bill would require the commission to allow a water corporation to recover the reasonable expenses incurred by the water corporation in providing its customers with these bill payment options, and to allow water corporations to not impose a transaction fee on its customers for using these bill payment options. The bill would prohibit the costs of a pilot program from being collected ~~by~~ *from* low-income customers who participate in specified programs, and would require a water corporation that is operating a pilot program to provide certain notifications to its customers. The bill would require the commission, in consultation with the Low-Income Oversight Board, by July 1, 2020, to submit a report to specified legislative committees ~~that includes an assessment of the use of credit cards by low-income customers to avoid service disconnections, an assessment of the impact of the use of credit cards for water bills on household debt burden, and an assessment of data regarding customer utilization and the cost-effectiveness of the bill payment options provided under the pilot program.~~ The bill would require the report, ~~based on these assessments and an assessment of the public interests served by these bill payment options, to evaluate that, based on specified assessments, evaluates~~ *based on specified assessments, evaluates* the usefulness of an individual customer transaction fee and ~~include~~ *includes* a recommendation regarding individual customer transaction fees for ~~credit card and debit card, debit card, and prepaid card~~ *credit card, debit card, and prepaid card* bill payments accepted by water corporations.

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. Section 755.5 is added to the Public Utilities
2 Code, to read:

3 755.5. (a) A water corporation with ~~more than 10,000~~ 2,000
4 or more service connections ~~may seek, through its general rate~~
5 ~~case application, commission approval~~ *that seeks* to operate a pilot
6 program designed to evaluate customer interest in, and utilization
7 of, bill payment options, including, but not limited to, credit card
8 ~~and debit card, debit card, and prepaid card~~ bill payment options,
9 for their water bills and to assess the cost-effectiveness of, and
10 public customer interests served by, customer access to those bill
11 payment options. ~~options, shall do so by requesting commission~~
12 ~~approval through its general rate case application.~~ *The pilot*
13 *program shall be limited to the duration of the water corporation's*
14 *rate case cycle, but may be extended by the commission at the*
15 *request of the water corporation in its next general rate case*
16 *application.*

17 (b) Notwithstanding Section 755, the commission shall allow
18 a water corporation to recover the reasonable expenses incurred
19 by the water corporation in providing to its customers bill payment
20 options pursuant to subdivision (a) and shall not require the water
21 corporation to impose a transaction fee on its customers.

22 (c) The costs of a pilot program adopted pursuant to subdivision
23 (a) may not be recovered from customers participating in the
24 California Alternate Rates for Energy (CARE) program established
25 pursuant to Section 739.1 or in a water rate relief program for
26 low-income ratepayers established pursuant to Section 739.8.

27 (d) The commission shall require a water corporation that is
28 operating a pilot program to notify its customers that the water
29 corporation is participating in a pilot program and that the pilot
30 program may not continue, pending an assessment of the costs and
31 benefits of the pilot program to customers.

32 (e) The commission shall ensure that accepting bill payment
33 options pursuant to subdivision (a) neither increases nor decreases
34 the rate of return of the water corporation.

35 (f) This section shall remain in effect only until January 1, 2022,
36 and as of that date is repealed, unless a later enacted statute, that
37 is enacted before January 1, 2022, deletes or extends that date.

1 ~~SEC. 2.—~~ By July 1, 2020, the commission, in consultation with
2 the Low-Income Oversight Board established pursuant to Section
3 382.1 of the Public Utilities Code, shall submit to the Assembly
4 Committee on Utilities and Commerce and the Senate Committee
5 on Energy, Utilities and Communications a report that includes
6 an assessment of the use of credit cards by low-income customers
7 to avoid service disconnections, an assessment of the impact of
8 the use of credit cards for water bills on household debt burden,
9 and an assessment of data, considered on an aggregated basis,
10 regarding customer utilization and the cost-effectiveness of the
11 bill payment options provided by the water corporations operating
12 pilot programs pursuant to Section 755.5 of the Public Utilities
13 Code. Based on these assessments and an assessment of the public
14 interests served by providing these bill payment options, the report
15 shall evaluate the usefulness of the individual customer transaction
16 fee required by Section 755 of the Public Utilities Code, and
17 include a recommendation regarding individual customer
18 transaction fees for credit card and debit card payments accepted
19 by water corporations.

20 ~~SEC. 2.~~ *Section 915 is added to the Public Utilities Code, to*
21 *read:*

22 915. (a) *By July 1, 2020, the commission, in consultation with*
23 *the Low-Income Oversight Board established pursuant to Section*
24 *382.1, shall submit to the Assembly Committee on Utilities and*
25 *Commerce and the Senate Committee on Energy, Utilities and*
26 *Communications a report on the pilot programs operated by water*
27 *corporations pursuant to Section 755.5 that includes an assessment*
28 *of the use of credit cards by low-income customers to avoid service*
29 *disconnections, an assessment of the impact of the use of credit*
30 *cards for customer bills on household debt burden, and an*
31 *assessment of data, considered on an aggregated basis, regarding*
32 *customer utilization and the cost-effectiveness of the bill payment*
33 *options. Based on these assessments and an assessment of the*
34 *customers’ interests served by providing these bill payment options,*
35 *the report shall evaluate the usefulness of the individual customer*
36 *transaction fee required by Section 755, and include a*
37 *recommendation regarding individual customer transaction fees*
38 *for credit card, debit card, and prepaid card payments accepted*
39 *by water corporations.*

1 ***(b) This section shall remain in effect only until January 1, 2024,***
2 ***and as of that date is repealed, unless a later enacted statute, that***
3 ***is enacted before January 1, 2024, deletes or extends that date.***

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