

AMENDED IN ASSEMBLY FEBRUARY 16, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 3

Introduced by Assembly Member Wright

January 9, 2001

An act to add Section 739.4 to the *Public Utilities Code*, relating to public utilities, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 3, as amended, R. Wright. California Alternate Rates for Energy or CARE program.

~~Existing~~

(1) *Existing* law requires the Public Utilities Commission to establish a program of assistance to low-income electric and gas customers, which is referred to as the California Alternate Rates for Energy or CARE program.

This bill would require the commission to ~~immediately develop and adopt regulations that will result in a significantly increased participation (or "penetration") rate for the CARE program~~ *adopt regulations to deem a customer enrolled in the CARE program after the effective date of the bill, but before August 1, 2001, to be enrolled as of that effective date, to impose certain requirements on electrical and gas corporations to facilitate better penetration rates for the CARE program, and protect low-income and senior households from unwarranted disconnection of necessary electric and gas services, and to conduct targeted outreach about the program.*

(2) Existing law makes a violation of provisions of the Public Utilities Act a crime.

This bill, by imposing new requirements on regulated utilities, would expand the scope of that crime, and thus impose a state-mandated local program.

(3) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

~~This~~

(4) This bill would declare that it is to take effect immediately as an urgency statute.

Vote: ²/₃. Appropriation: no. Fiscal committee: yes. State-mandated local program: ~~no~~ yes.

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) Commencing in the summer of 2000 and continuing to the
4 present, wholesale prices for electricity have skyrocketed in
5 California.

6 (2) ~~In recent months~~ Since November 2000, natural gas prices
7 have increased significantly.

8 (3) The extraordinarily high costs of electricity and natural gas
9 are threatening the economic well-being of the state.

10 (4) Low-income and senior households, who spend a
11 disproportionate portion of their income on energy costs, have
12 been particularly affected.

13 (5) The energy burden borne by low-income and senior
14 customers is greater than the energy burden of most other
15 households in California. California low-income households
16 spend approximately 10 percent of their incomes on energy bills,
17 compared to the average energy burden of 2.9 percent for a
18 median-income household.

19 (6) Under the California Alternate Rates for Energy program
20 (CARE), low-income customers are eligible to receive gas and
21 electric services at a discounted rate.

(b) It is therefore the intent of the Legislature to protect low-income and senior customers from the impacts of skyrocketing electric and gas energy rates and to enact legislation to increase the CARE penetration rate, and to look at other means to expand the program to all eligible low-income and senior customers, *and to encourage energy conservation by all customer classes.*

~~SEC. 2. The Public Utilities Commission shall immediately develop and adopt regulations to expand substantially the participation rate, also known as "penetration rate," for the California Alternate Rates for Energy or CARE program.~~

SEC. 2. Section 739.4 is added to the Public Utilities Code, to read:

739.4. (a) The commission shall immediately adopt regulations to deem a customer enrolled in the CARE program after the effective date of the act that added this section, but before August 1, 2001, to be enrolled as of that effective date.

(b) The commission shall require all electrical and gas utilities through which CARE program rates are available to do all of the following to facilitate better penetration rates for the CARE program and to protect low-income and senior households from unwarranted disconnection of necessary electric and gas services:

(1) Require all electric and gas utilities to provide an outgoing message on all calls to business offices and customer service lines that briefly describes the CARE program in standard language approved by the commission, and that provides a phone number for customers to call to subscribe to the program or for further information.

(2) Require all electric and gas utilities to provide information to customers about the CARE program and facilitate subscription to CARE, on all calls in which customers are making payment arrangements, on all collections calls, and on all calls for reconnection of service.

(3) (A) Require all electric and gas utilities to provide information about the CARE program and attempt to qualify customers for CARE before effecting any disconnection of service for nonpayment or inability to pay energy bills in full, and prohibit disconnection of energy services to low-income and senior households for delinquencies of up to six months where partial payments have been received. As used in this paragraph, "partial

1 *payment” means at least 40 percent of the billed amount, inclusive*
2 *of previous balances, for each month of delinquency. This*
3 *paragraph shall apply on a one-time basis only for individual*
4 *customers.*

5 *(B) Prohibit disconnection of a residential customer whose*
6 *rates have increased 15 percent or more since November 1, 2000,*
7 *if payment arrangements are made to provide payment of 50*
8 *percent of the billed monthly amount, inclusive of previous*
9 *balances, on a payment plan not to exceed 120 days in duration.*

10 *(C) Require that residential customers facing disconnection or*
11 *who contact the utility to make payment arrangements be advised*
12 *of the levelizing payment program that allows them to pay a*
13 *monthly average rate based on 12 months usage. Require*
14 *residential customers to enroll in the levelizing payment program*
15 *in conjunction with completion of payment arrangements,*
16 *payment under terms of subparagraph (B), or at the customer’s*
17 *request absent those arrangements.*

18 *(D) Nothing in this paragraph is intended to reduce the*
19 *revenues of any utility extending payment arrangements subject to*
20 *the terms of the paragraph.*

21 *(E) This paragraph shall become inoperative April 1, 2002.*

22 *(4) Require all electric and gas utilities to provide information*
23 *on customer bills, presented in a conspicuous manner on a front*
24 *facing page, that indicates that a customer may be eligible for the*
25 *CARE program, briefly describes the program, and provide a*
26 *subscription form in the bill envelope. The section of the bill page*
27 *with the CARE information shall be detachable and include*
28 *instructions for customers to mail the subscription request back in*
29 *with the customer’s bill payment.*

30 *(c) The commission shall conduct targeted outreach about the*
31 *program using census block data to effectively target low-income*
32 *and senior households throughout the state.*

33 *(d) CARE program funds shall be used for the purposes of*
34 *paragraph (3) of subdivision (b) and outreach pursuant to*
35 *subdivision (c).*

36 *SEC. 3. No reimbursement is required by this act pursuant to*
37 *Section 6 of Article XIII B of the California Constitution because*
38 *the only costs that may be incurred by a local agency or school*
39 *district will be incurred because this act creates a new crime or*
40 *infraction, eliminates a crime or infraction, or changes the penalty*

1 *for a crime or infraction, within the meaning of Section 17556 of*
2 *the Government Code, or changes the definition of a crime within*
3 *the meaning of Section 6 of Article XIII B of the California*
4 *Constitution.*

5 *SEC. 4.* This act is an urgency statute necessary for the
6 immediate preservation of the public peace, health, or safety
7 within the meaning of Article IV of the Constitution and shall go
8 into immediate effect. The facts constituting the necessity are:

9 In order that low-income and senior customers are protected
10 from the extraordinarily high electricity and gas prices, it is
11 necessary that this act take effect immediately.

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