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AMENDED IN ASSEMBLY MARCH 5, 2001

AMENDED IN ASSEMBLY FEBRUARY 27, 2001

AMENDED IN ASSEMBLY FEBRUARY 16, 2001

CALIFORNIA LEGISLATURE—2001–02 FIRST EXTRAORDINARY SESSION

ASSEMBLY BILL

No. 3

**Introduced by Assembly Members Wright and Shelley
(Coauthor: Assembly Member Romero)**

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, Wright. California Alternate Rates for Energy or CARE program.

(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 adopt regulations, *as prescribed*, 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. Because a violation of an order of the commission is a crime under existing provisions of law, this bill would create a state-mandated local program by expanding the definition of a crime.

(2) 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.

(3) 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: 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) Since November 2000, natural gas prices have increased
7 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 energy rates and to enact legislation to increase the CARE penetration rate, to look at other means to expand the program to all eligible low-income and low-income senior customers, and to encourage energy conservation by all customer classes.

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, ~~notwithstanding Sections 453, 743, and 532. notwithstanding Sections 453, 532, and 734. The commission shall adopt the same income and eligibility requirements for the CARE program as those of the Universal Lifeline Telephone Service (ULTS) program as of the effective date of the act adding this section, except for the definition of a household. The commission shall adjust CARE program income requirements annually to correspond with those of the ULTS program.~~

(b) The commission shall require all electrical and gas utilities through which CARE program rates are available to do all of the following, in multilingual formats to the extent printed and recorded information is provided, 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~~
 (1) 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~~
 (2) 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~~

(3) (A) *Provide* information about the CARE program and attempt to qualify customers for CARE, *and provide information about individual payment arrangements and attempt to enroll customers in a payment arrangement program*, 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 low income senior households for delinquencies of up to six months where partial payments have been received. As used in this paragraph, "partial payment" means at least 40 percent of the billed amount, inclusive of previous balances, for each month of delinquency. This paragraph shall apply on a one-time basis only for individual customers.~~

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

(B) (i) *Offer individual payment arrangements to customers, with priority given to customers that spend a disproportionate portion of their income on energy costs and that are disproportionately burdened by rising energy costs, as determined by the commission.*

(ii) *Prohibit the disconnection of customers that have made, and are in compliance with, payment arrangements offered by an electric or gas utility pursuant to this subparagraph.*

(C) ~~Require that~~ (i) *Advise* residential customers facing disconnection or who contact the utility to make payment arrangements ~~be advised~~ of the levelizing payment program that allows them to pay a monthly average rate based on 12 months usage. ~~Require the utility to advise~~

(ii) *Advise* residential customers about enrollment in the levelizing payment program in conjunction with completion of payment arrangements, payment under terms of subparagraph (B), or at the customer's request absent those arrangements.

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

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

~~(4) Require all electric and gas utilities to provide information~~

1 (4) *Provide information* on customer bills, presented in a
2 conspicuous manner on a front facing page, that indicates that a
3 customer may be eligible for the CARE program. This notice shall
4 be provided quarterly in customer bills.

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

8 (d) CARE program funds shall be used for the purposes of
9 paragraph (3) of subdivision (b) and outreach pursuant to
10 subdivision (c). The commission's costs for outreach pursuant to
11 subdivision (c) ~~shall~~ *may* not exceed five hundred thousand dollars
12 (\$500,000) above the amount that the commission currently
13 expends on similar activities related to the CARE program. Energy
14 corporations may recover all reasonable costs of implementing
15 this act.

16 SEC. 3. No reimbursement is required by this act pursuant to
17 Section 6 of Article XIII B of the California Constitution because
18 the only costs that may be incurred by a local agency or school
19 district will be incurred because this act creates a new crime or
20 infraction, eliminates a crime or infraction, or changes the penalty
21 for a crime or infraction, within the meaning of Section 17556 of
22 the Government Code, or changes the definition of a crime within
23 the meaning of Section 6 of Article XIII B of the California
24 Constitution.

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

29 In order that low-income and senior customers ~~are~~ *be* protected
30 from the extraordinarily high electricity and gas prices *as soon as*
31 *possible*, it is necessary that this act take effect immediately.

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