

**ASSEMBLY BILL**

**No. 1331**

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**Introduced by Assembly Member Obernolte**

February 27, 2015

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

LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as introduced, Obernolte. California Alternate Rates for Energy program: income verification.

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. Existing law requires the commission to establish a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200% of the federal poverty guidelines, referred to as the California Alternate Rates for Energy or CARE program.

This bill would provide that CARE program participants who fail to respond to an income verification request shall be permanently barred from self-certified reenrollment in the CARE program.

Under existing law, a violation of the Public Utilities Act or any order, decision, rule, direction, demand, or requirement of the commission is a crime.

Because the provisions of this bill would be a part of the act and because a violation of an order or decision of the commission implementing its requirements would be a crime, the bill would impose a state-mandated local program by creating a new crime.

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.

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

State-mandated local program: yes.

*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) The commission shall continue a program of  
4 assistance to low-income electric and gas customers with annual  
5 household incomes that are no greater than 200 percent of the  
6 federal poverty guideline levels, the cost of which shall not be  
7 borne solely by any single class of customer. For one-person  
8 households, program eligibility shall be based on two-person  
9 household guideline levels. The program shall be referred to as  
10 the 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 (b) The commission shall establish rates for CARE program  
14 participants, subject to both of the following:

15 (1) That the commission ensure that low-income ratepayers are  
16 not jeopardized or overburdened by monthly energy expenditures,  
17 pursuant to subdivision (b) of Section 382.

18 (2) That the level of the discount for low-income electricity and  
19 gas ratepayers correctly reflects the level of need as determined  
20 by the needs assessment conducted pursuant to subdivision (d) of  
21 Section 382.

22 (c) In establishing CARE discounts for an electrical corporation  
23 with 100,000 or more customer accounts in California, the  
24 commission shall ensure all of the following:

25 (1) The average effective CARE discount shall not be less than  
26 30 percent or more than 35 percent of the revenues that would  
27 have been produced for the same billed usage by non-CARE  
28 customers. The average effective discount determined by the  
29 commission shall reflect any charges not paid by CARE customers,  
30 including payments for the California Solar Initiative, payments

1 for the self-generation incentive program made pursuant to Section  
2 379.6, payment of the separate rate component to fund the CARE  
3 program made pursuant to subdivision (a) of Section 381, payments  
4 made to the Department of Water Resources pursuant to Division  
5 27 (commencing with Section 80000) of the Water Code, and any  
6 discount in a fixed charge. The average effective CARE discount  
7 shall be calculated as a weighted average of the CARE discounts  
8 provided to individual customers.

9 (2) If an electrical corporation provides an average effective  
10 CARE discount in excess of the maximum percentage specified  
11 in paragraph (1), the electrical corporation shall not reduce, on an  
12 annual basis, the average effective CARE discount by more than  
13 a reasonable percentage decrease below the discount in effect on  
14 January 1, 2013, or that the electrical corporation had been  
15 authorized to place in effect by that date.

16 (3) The entire discount shall be provided in the form of a  
17 reduction in the overall bill for the eligible CARE customer.

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

28 (e) The commission shall examine methods to improve CARE  
29 enrollment and participation. This examination shall include, but  
30 need not be limited to, comparing information from CARE and  
31 the Universal Lifeline Telephone Service (ULTS) to determine  
32 the most effective means of utilizing that information to increase  
33 CARE enrollment, automatic enrollment of ULTS customers who  
34 are eligible for the CARE program, customer privacy issues, and  
35 alternative mechanisms for outreach to potential enrollees. The  
36 commission shall ensure that a customer consents ~~prior to~~ *before*  
37 enrollment. The commission shall consult with interested parties,  
38 including ULTS providers, to develop the best methods of  
39 informing ULTS customers about other available low-income

1 programs, as well as the best mechanism for telephone providers  
2 to recover reasonable costs incurred pursuant to this section.

3 (f) (1) The commission shall improve the CARE application  
4 process by cooperating with other entities and representatives of  
5 California government, including the California Health and Human  
6 Services Agency and the Secretary of California Health and Human  
7 Services, to ensure that all gas and electric customers eligible for  
8 public assistance programs in California that reside within the  
9 service territory of an electrical corporation or gas corporation,  
10 are enrolled in the CARE program. The commission may determine  
11 that gas and electric customers are categorically eligible for CARE  
12 assistance if they are enrolled in other public assistance programs  
13 with substantially the same income eligibility requirements as the  
14 CARE program. To the extent practicable, the commission shall  
15 develop a CARE application process using the existing ULTS  
16 application process as a model. The commission shall work with  
17 electrical and gas corporations and the Low-Income Oversight  
18 Board established in Section 382.1 to meet the low-income  
19 objectives in this section. *CARE program participants who fail to*  
20 *respond to an income verification request shall be permanently*  
21 *barred from self-certified reenrollment in the CARE program.*

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

34 (g) It is the intent of the Legislature that the commission ensure  
35 CARE program participants receive affordable electric and gas  
36 service that does not impose an unfair economic burden on those  
37 participants.

38 (h) The commission's program of assistance to low-income  
39 electric and gas customers shall, as soon as practicable, include  
40 nonprofit group living facilities specified by the commission, if

1 the commission finds that the residents in these facilities  
2 substantially meet the commission's low-income eligibility  
3 requirements and there is a feasible process for certifying that the  
4 assistance shall be used for the direct benefit, such as improved  
5 quality of care or improved food service, of the low-income  
6 residents in the facilities. The commission shall authorize utilities  
7 to offer discounts to eligible facilities licensed or permitted by  
8 appropriate state or local agencies, and to facilities, including  
9 women's shelters, hospices, and homeless shelters, that may not  
10 have a license or permit but provide other proof satisfactory to the  
11 utility that they are eligible to participate in the program.

12 (i) (1) In addition to existing assessments of eligibility, an  
13 electrical corporation may require proof of income eligibility for  
14 those CARE program participants whose electricity usage, in any  
15 monthly or other billing period, exceeds 400 percent of baseline  
16 usage. The authority of an electrical corporation to require proof  
17 of income eligibility is not limited by the means by which the  
18 CARE program participant enrolled in the program, including if  
19 the participant was automatically enrolled in the CARE program  
20 because of participation in a governmental assistance program. If  
21 a CARE program participant's electricity usage exceeds 400  
22 percent of baseline usage, the electrical corporation may require  
23 the CARE program participant to participate in the Energy Savings  
24 Assistance Program (ESAP), which includes a residential energy  
25 assessment, in order to provide the CARE program participant  
26 with information and assistance in reducing his or her energy usage.  
27 Continued participation in the CARE program may be conditioned  
28 upon the CARE program participant agreeing to participate in  
29 ESAP within 45 days of notice being given by the electrical  
30 corporation pursuant to this paragraph. The electrical corporation  
31 may require the CARE program participant to notify the utility of  
32 whether the residence is rented, and if so, a means by which to  
33 contact the landlord, and the electrical corporation may share any  
34 evaluation and recommendation relative to the residential structure  
35 that is made as part of an energy assessment, with the landlord of  
36 the CARE program participant. Requirements imposed pursuant  
37 to this paragraph shall be consistent with procedures adopted by  
38 the commission.

39 (2) If a CARE program participant's electricity usage exceeds  
40 600 percent of baseline usage, the electrical corporation shall

1 require the CARE program participant to participate in ESAP,  
2 which includes a residential energy assessment, in order to provide  
3 the CARE program participant with information and assistance in  
4 reducing his or her energy usage. Continued participation in the  
5 CARE program shall be conditioned upon the CARE program  
6 participant agreeing to participate in ESAP within 45 days of a  
7 notice made by the electrical corporation pursuant to this paragraph.  
8 The electrical corporation may require the CARE program  
9 participant to notify the utility of whether the residence is rented,  
10 and if so, a means by which to contact the landlord, and the  
11 electrical corporation may share any evaluation and  
12 recommendation relative to the residential structure that is made  
13 as part of an energy assessment, with the landlord of the CARE  
14 program participant. Following the completion of the energy  
15 assessment, if the CARE program participant’s electricity usage  
16 continues to exceed 600 percent of baseline usage, the electrical  
17 corporation may remove the CARE program participant from the  
18 program if the removal is consistent with procedures adopted by  
19 the commission. Nothing in this paragraph shall prevent a CARE  
20 program participant with electricity usage exceeding 600 percent  
21 of baseline usage from participating in an appeals process with the  
22 electrical corporation to determine whether the participant’s usage  
23 levels are legitimate.

24 (3) A CARE program participant in a rental residence shall not  
25 be removed from the program in situations where the landlord is  
26 nonresponsive when contacted by the electrical corporation or  
27 does not provide for ESAP participation.

28 SEC. 2. No reimbursement is required by this act pursuant to  
29 Section 6 of Article XIII B of the California Constitution because  
30 the only costs that may be incurred by a local agency or school  
31 district will be incurred because this act creates a new crime or  
32 infraction, eliminates a crime or infraction, or changes the penalty  
33 for a crime or infraction, within the meaning of Section 17556 of  
34 the Government Code, or changes the definition of a crime within  
35 the meaning of Section 6 of Article XIII B of the California  
36 Constitution.