

AMENDED IN ASSEMBLY MAY 24, 1999
AMENDED IN ASSEMBLY APRIL 15, 1999

CALIFORNIA LEGISLATURE—1999–2000 REGULAR SESSION

ASSEMBLY BILL

No. 1393

Introduced by Assembly Member Wright

February 26, 1999

An act to amend Sections ~~381 and 382~~ 382 and 2790 of, and to add Section ~~381.5~~ 327 to, the Public Utilities Code, relating to public utilities.

LEGISLATIVE COUNSEL'S DIGEST

AB 1393, as amended, R. Wright. ~~Electrical restructuring programs: funding~~ *Low-income electric and gas customers.*

(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 electric and gas corporations that participate in the CARE program to administer low-income energy efficiency and rate assistance programs as described. The bill would require the administrators of the program to undertake certain functions and would allow the commission to require these participating corporations to competitively bid, to the extent practical, service delivery components of these programs. The bill would require the bidding criteria to recognize specified factors, subject to

commission modification. The bill would make conforming changes.

Because a violation of the Public Utilities Act is a crime, this bill would impose a state-mandated local program by creating new crimes.

(2) Existing law requires the commission to require an electric or gas corporation to perform home weatherization services, as defined, for low-income customers, as determined by the commission.

This bill would revise the definition of “weatherization.”

~~(1) The Public Utilities Act requires specified electrical corporations to allow customers to make voluntary contributions through their utility bill payments as either a fixed amount or a variable amount to support programs established for the in-state operation and development of existing and new and emerging renewable resource technologies, as described. The act requires the Public Utilities Commission to order certain electrical corporations to collect and spend funds for, among other purposes, cost-effective energy efficiency and conservation activities, in accordance with a prescribed schedule. The act requires programs provided to low-income electricity customers, including, but not limited to, targeted energy-efficiency services and the California Alternative Rates for Energy Program to be funded at not less than 1996 authorized levels based on an assessment of customer need, and requires the commission to allocate funds necessary to meet those low-income objectives.~~

~~This bill would require those specified electrical corporations to also allow customers to make those voluntary contributions described above to support programs established for cost-effective energy efficiency and conservation activities. The bill would require the commission to allocate the funds collected to support those programs in accordance with administration and expenditure criteria, upon the establishment of those criteria by the Legislature. The bill would require the commission to order those certain electrical corporations required to collect and spend funds for cost-effective energy efficiency and conservation activities to allocate 35% of those to cost-effective energy efficiency and~~



~~conservation activities that affect residential energy use. The bill would require the commission to order the electrical corporations to collect and expend funds for targeted energy efficiency programs for low-income electricity customers in accordance with a prescribed schedule. The bill would require the commission, with respect to those low-income objectives, to require the collection and allocation of funds necessary to meet the objectives.~~

~~The bill would require the commission to order certain electrical corporations, on and after January 1, 2002, to collect a specified fee to support cost-effective energy efficiency and conservation activities. Because a violation of the act is a crime, this bill would impose state-mandated local programs by creating new crimes.~~

~~(2)~~

~~(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.~~

~~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 381 of the Public Utilities Code~~
2 *SECTION 1. Section 327 is added to the Public*
3 *Utilities Code, to read:*
4 *327. (a) The electric and gas corporations that*
5 *participate in the California Alternative Rates for Energy*
6 *program, as established pursuant to Section 739.1, shall*
7 *administer low-income energy efficiency and rate*
8 *assistance programs described in Sections 739.1, 739.2,*
9 *and 2790. In administering these programs the electric*
10 *and gas corporations, to the extent practical, shall do all*
11 *of the following:*
12 *(1) Continue to leverage funds described in*
13 *subdivision (a) with funds available from state and*
14 *federal sources.*



1 (2) Work with state and local agencies and with
2 community-based organizations to ensure efficient and
3 effective delivery of programs.

4 (3) Encourage local employment and job skill
5 development.

6 (4) Maximize the participation of eligible participants.

7 (5) Work to reduce consumers electric and gas
8 consumption, and bills.

9 (b) The commission may require the electric and gas
10 corporations described in subdivision (a) to
11 competitively bid, to the extent practical, service
12 delivery components of these programs. The bidding
13 criteria, at a minimum, shall recognize all of the following
14 factors:

15 (1) The bidder's experience in delivering programs
16 and services, including, but not limited to,
17 weatherization, appliance repair and maintenance,
18 energy education, outreach and enrollment services, and
19 bill payment assistance programs to targeted
20 communities.

21 (2) The bidder's knowledge of the targeted
22 communities.

23 (3) The bidder's ability to reach targeted
24 communities.

25 (4) The bidder's ability to utilize and employ people
26 from the local area.

27 (5) The bidder's ability to provide local job training.

28 (6) Other attributes that benefit local communities.

29 (c) Notwithstanding subdivision (b), the commission
30 may modify its bid criteria based upon public input from
31 a variety of sources, including representatives from
32 low-income communities and the program
33 administrators identified in subdivision (b), in order to
34 ensure the effective and efficient delivery of high quality
35 low-income energy efficiency programs.

36 SEC. 2. Section 382 of the Public Utilities Code is
37 amended to read:

38 382. (a) Programs provided to low-income
39 electricity customers, including, but not limited to,
40 targeted energy-efficiency services and the California



1 Alternative Rates for Energy ~~Program~~ program shall be
2 funded at not less than 1996 authorized levels based on an
3 assessment of customer need. The commission shall
4 allocate funds necessary to meet the low-income
5 objectives in this section.

6 *(b) The electric and gas corporations that participate*
7 *in the California Alternative Rates for Energy program*
8 *shall administer the programs described in subdivision*
9 *(a). In administering these programs, the electric and gas*
10 *corporations, to the extent practical, shall do all of the*
11 *following:*

12 *(1) Continue to leverage funds described in*
13 *subdivision (a) with funds available from state and*
14 *federal sources.*

15 *(2) Work with state and local agencies and with*
16 *community-based organizations to ensure efficient and*
17 *effective delivery programs.*

18 *(3) Encourage local employment and job skill*
19 *development.*

20 *(4) Maximize the participation of eligible participants.*

21 *(5) Work to reduce consumers electric and gas*
22 *consumption, and bills.*

23 *(c) The commission may require the electric and gas*
24 *corporations described in subdivision (b) to*
25 *competitively bid, to the extent practical, service*
26 *delivery components of these programs. The bidding*
27 *criteria, at a minimum, shall recognize all of the following*
28 *factors:*

29 *(1) The bidder's experience in delivering programs*
30 *and services, including, but not limited to,*
31 *weatherization, appliance repair and maintenance,*
32 *energy education, outreach and enrollment services, and*
33 *bill payment assistance programs to targeted*
34 *communities.*

35 *(2) The bidder's knowledge of the targeted*
36 *communities.*

37 *(3) The bidder's ability to reach targeted*
38 *communities.*

39 *(4) The bidder's ability to utilize and employ people*
40 *from the local area.*



- 1 (5) *The bidder’s ability to provide local job training.*
- 2 (6) *Other attributes that benefit local communities.*
- 3 (d) *Notwithstanding subdivision (c), the commission*
- 4 *may modify its bid criteria based upon public input from*
- 5 *a variety of sources, including representatives from*
- 6 *low-income communities and the program*
- 7 *administrators identified in subdivision (b) in order to*
- 8 *ensure the effective and efficient delivery of high quality*
- 9 *low-income energy efficiency programs.*

10 SEC. 3. *Section 2790 of the Public Utilities Code is*
 11 *amended to read:*

12 2790. (a) The commission shall require an electrical
 13 or gas corporation to perform home weatherization
 14 services for low-income customers, as determined by the
 15 commission under Section 739, if the commission
 16 determines that a significant need for those services exists
 17 in the corporation’s service territory, taking into
 18 consideration both the cost effectiveness of the services
 19 and the policy of reducing the hardships facing
 20 low-income households.

21 (b) (1) For purposes of this section, “weatherization”
 22 ~~includes~~ *may include*, where feasible, any of the following
 23 measures for any dwelling unit:

- 24 (A) Attic insulation.
- 25 (B) Caulking.
- 26 (C) Weatherstripping.
- 27 (D) Low flow showerhead.
- 28 (E) Waterheater blanket.
- 29 (F) Door and building envelope repairs ~~which~~ *that*
 30 reduce air infiltration.

31 (2) The commission shall direct any electrical or gas
 32 corporation to provide as many of these measures as are
 33 feasible for each eligible low-income dwelling unit.

34 (c) “Weatherization” may also include other building
 35 conservation measures, energy-efficient appliances, and
 36 energy education programs determined by the
 37 commission to be feasible, taking into consideration *for all*
 38 *measures* both the cost effectiveness of the measures *as*
 39 *a group* and the policy of reducing the hardships facing
 40 low-income households.



1 is amended to read:

2 381. (a) ~~To ensure that the funding for the programs~~
3 ~~described in subdivision (b) and Section 382 is not~~
4 ~~commingled with other revenues, the commission shall~~
5 ~~require each electrical corporation to identify a separate~~
6 ~~rate component to collect the revenues used to fund these~~
7 ~~programs. The rate component shall be a nonbypassable~~
8 ~~element of the local distribution service and collected on~~
9 ~~the basis of usage. On or before January 1, 2002, this rate~~
10 ~~component shall fall within the rate levels identified in~~
11 ~~subdivision (a) of Section 368.~~

12 (b) ~~The commission shall allocate funds collected~~
13 ~~pursuant to subdivision (a), and any interest earned on~~
14 ~~collected funds, to programs which enhance system~~
15 ~~reliability and provide in-state benefits as follows:~~

16 (1) ~~Cost-effective energy efficiency and conservation~~
17 ~~activities.~~

18 (2) ~~Public interest research and development not~~
19 ~~adequately provided by competitive and regulated~~
20 ~~markets.~~

21 (3) ~~In-state operation and development of existing~~
22 ~~and new and emerging renewable resource technologies~~
23 ~~defined as electricity produced from other than a~~
24 ~~conventional power source within the meaning of Section~~
25 ~~2805, provided that a power source utilizing more than 25~~
26 ~~percent fossil fuel may not be included.~~

27 (c) ~~The Public Utilities Commission shall order the~~
28 ~~respective electrical corporations to collect and spend~~
29 ~~these funds, as follows:~~

30 (1) ~~Cost-effective energy efficiency and conservation~~
31 ~~activities shall be funded at not less than the following~~
32 ~~levels commencing January 1, 1998, through December~~
33 ~~31, 2001: for San Diego Gas and Electric Company a level~~
34 ~~of thirty-two million dollars (\$32,000,000) per year; for~~
35 ~~Southern California Edison Company a level of ninety~~
36 ~~million dollars (\$90,000,000) for each of the years 1998,~~
37 ~~1999, and 2000; fifty million dollars (\$50,000,000) for the~~
38 ~~year 2001; and for Pacific Gas and Electric Company a~~
39 ~~level of one hundred six million dollars (\$106,000,000) per~~
40 ~~year. The commission shall order the respective electrical~~



1 corporations, on and after January 1, 2002, to collect a
2 surcharge of 1.5 mills (\$0.0015) per kilowatt hour to
3 support cost-effective energy efficiency and conservation
4 activities.

5 (2) Research, development, and demonstration
6 programs to advance science or technology that are not
7 adequately provided by competitive and regulated
8 markets shall be funded at not less than the following
9 levels commencing January 1, 1998, through December
10 31, 2001: for San Diego Gas and Electric Company a level
11 of four million dollars (\$4,000,000) per year; for Southern
12 California Edison Company a level of twenty-eight
13 million five hundred thousand dollars (\$28,500,000) per
14 year; and for Pacific Gas and Electric Company a level of
15 thirty million dollars (\$30,000,000) per year.

16 (3) In-state operation and development of existing
17 and new and emerging renewable resource technologies
18 shall be funded at not less than the following levels on a
19 statewide basis: one hundred nine million five hundred
20 thousand dollars (\$109,500,000) per year for each of the
21 years 1998, 1999, and 2000, and one hundred thirty-six
22 million five hundred thousand dollars (\$136,500,000) for
23 the year 2001. To accomplish these funding levels over
24 the period described herein the San Diego Gas and
25 Electric Company shall spend twelve million dollars
26 (\$12,000,000) per year, the Southern California Edison
27 Company shall expend no less than forty-nine million five
28 hundred thousand dollars (\$49,500,000) for the years
29 1998, 1999, and 2000, and no less than seventy-six million
30 five hundred thousand dollars (\$76,500,000) for the year
31 2001, and the Pacific Gas and Electric Company shall
32 expend no less than forty-eight million dollars
33 (\$48,000,000) per year through the year 2001. Additional
34 funding not to exceed seventy-five million dollars
35 (\$75,000,000) shall be allocated from moneys collected
36 pursuant to subdivision (d) in order to provide a level of
37 funding totaling five hundred forty million dollars
38 (\$540,000,000).

39 (4) Up to fifty million dollars (\$50,000,000) of the
40 amount collected pursuant to subdivision (d) may be



1 used to resolve outstanding issues related to
2 implementation of subdivision (a) of Section 374. Moneys
3 remaining after fully funding the provisions of this
4 paragraph shall be reallocated for purposes of paragraph
5 (3).

6 (5) Up to ninety million dollars (\$90,000,000) of the
7 amount collected pursuant to subdivision (d) may be
8 used to resolve outstanding issues related to contractual
9 arrangements in the Southern California Edison service
10 territory stemming from the Biennial Resource Planning
11 Update auction. Moneys remaining after fully funding
12 the provisions of this paragraph shall be reallocated for
13 purposes of paragraph (3).

14 (d) Notwithstanding any other provisions of this
15 chapter, entities subject to the jurisdiction of the Public
16 Utilities Commission shall extend the period for
17 competition transition charge collection up to three
18 months beyond its otherwise applicable termination of
19 December 31, 2001, so as to ensure that the aggregate
20 portion of the research, environmental, and low income
21 funds allocated to renewable resources shall equal five
22 hundred forty million dollars (\$540,000,000) and that the
23 costs specified in paragraphs (3), (4), and (5) of
24 subdivision (e) are collected.

25 (e) Each electrical corporation shall allow customers
26 to make voluntary contributions through their utility bill
27 payments as either a fixed amount or a variable amount
28 to support programs established pursuant to paragraphs
29 (1) and (3) of subdivision (b). Funds collected by
30 electrical corporations for these purposes shall be
31 forwarded in a timely manner to the appropriate fund as
32 specified by the commission.

33 (f) The commission shall allocate the funds collected
34 for the purposes of paragraph (1) of subdivision (b) in
35 accordance with administration and expenditure criteria;
36 upon the establishment of those criteria by the
37 Legislature.

38 (g) The commission shall determine how to utilize
39 funds for purposes of paragraph (2) of subdivision (b);
40 provided that only those research and development



1 funds for transmission and distribution functions shall
2 remain with the regulated public utilities under the
3 supervision of the commission. The commission shall
4 provide for the transfer of all research and development
5 funds collected for purposes of paragraph (2) of
6 subdivision (b) other than those for transmission and
7 distribution functions and funds collected for purposes of
8 paragraph (3) of subdivision (b) to the California Energy
9 Resources Conservation and Development Commission
10 pursuant to administration and expenditure criteria to be
11 established by the Legislature.

12 (h) The commission's authority to collect funds
13 pursuant to this section for purposes of paragraph (3) of
14 subdivision (b) shall become inoperative on March 31,
15 2002.

16 (i) For purposes of this article, "emerging renewable
17 technology" means a new renewable technology,
18 including, but not limited to, photovoltaic technology,
19 that is determined by the California Energy Resources
20 Conservation and Development Commission to be
21 emerging from research and development and that has
22 significant commercial potential.

23 SEC. 2. Section 381.5 is added to the Public Utilities
24 Code, to read:

25 381.5. It is the intent of the Legislature that both of the
26 following requirements should be met:

27 (a) That funds identified in paragraph (1) of
28 subdivision (c) of Section 381 be allocated equitably
29 among classes and subclasses of electric customers in
30 approximate proportion to the amounts each group pays
31 to the surcharge fund.

32 (b) Notwithstanding subdivision (a), that special
33 emphasis be placed on programs to reduce electricity
34 bills of customer groups that have been historically
35 underserved by energy efficiency or conservation
36 programs operated by the investor-owned utilities,
37 including small businesses, schools, owners and tenants of
38 multifamily residential buildings, owners and tenants of
39 mobilehome parks, tribes, persons with limited English
40 skills, and other customer groups identified as



1 ~~hard to reach. Funds for energy efficiency and~~
2 ~~conservation should also be used to stimulate the growth~~
3 ~~of a competitive industry providing cost-effective~~
4 ~~products and services and to improve the acquisition and~~
5 ~~use of energy-efficient appliances and equipment by~~
6 ~~consumers.~~

7 ~~SEC. 3. Section 382 of the Public Utilities Code is~~
8 ~~amended to read:~~

9 ~~382. Programs provided to low income electricity~~
10 ~~customers, including, but not limited to, targeted~~
11 ~~energy efficiency services and the California Alternative~~
12 ~~Rates for Energy Program shall be funded at not less than~~
13 ~~1996 authorized levels based on an assessment of~~
14 ~~customer need. The commission shall require the~~
15 ~~collection and allocation of funds necessary to meet the~~
16 ~~low-income objectives in this section.~~

17 SEC. 4. No reimbursement is required by this act
18 pursuant to Section 6 of Article XIII B of the California
19 Constitution because the only costs that may be incurred
20 by a local agency or school district will be incurred
21 because this act creates a new crime or infraction,
22 eliminates a crime or infraction, or changes the penalty
23 for a crime or infraction, within the meaning of Section
24 17556 of the Government Code, or changes the definition
25 of a crime within the meaning of Section 6 of Article
26 XIII B of the California Constitution.

