Date of Hearing: June 22, 2022

ASSEMBLY COMMITTEE ON UTILITIES AND ENERGY
Eduardo Garcia, Chair
SB 1208 (Hueso) – As Amended June 14, 2022

SENATE VOTE: 36-0

SUBJECT: Low-income utility customer assistance programs: concurrent application process

SUMMARY: Requires the California Public Utilities Commission (CPUC) to develop a universal application process to enable a customer to apply for multiple utility low-income customer assistance programs.

EXISTING LAW:

1) Establishes and vests the CPUC with regulatory authority over public utilities, including gas corporations, electrical corporations, telephone corporations, and water corporations, while local publicly owned electric utilities are under the direction of their governing boards. (Article XII of the California Constitution)

2) Authorizes the CPUC to fix the rates and charges for every public utility and requires the CPUC to ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures. (Public Utilities Code §§ 451 and 382)

3) Requires the CPUC to ensure that an electrical corporation or gas corporation with a CPUC-approved program to provide discounts based on economic need use a single application form to enable an applicant to alternatively apply for any assistance program for which the applicant may be eligible. (Public Utilities Code § 739.1)

4) Establishes the Lifeline program by requiring the CPUC to create a class of Lifeline service needed to meet basic communications needs, set rates and charges for the Lifeline program, develop eligibility criteria, and assess progress towards universal service goals, including access to telephone service by income, ethnicity, and geography. (Public Utilities Code § 871 et seq.)

5) Establishes the California Alternate Rates for Energy (CARE) program, a program of assistance to low-income residential IOU customers with annual household incomes no greater than 200% of federal poverty guidelines. CARE discounts cannot be less than 30% nor greater than 35% of the revenues that would have been produced for the same billed usage by non-CARE customers, and requires the entire discount to be provided in the form of a reduction in the overall bill for the eligible CARE customer. (Public Utilities Code § 739.1)

6) Establishes the Family Electric Rate Assistance (FERA) program, an assistance program for low-income residential customers of the state's three largest electric investor-owned utilities (IOUs) with households of three or more persons whose total annual household incomes fall between 200 percent and 250 percent of the federal poverty guideline levels. The FERA program offers an 18% line-item discount applied to an eligible customer's bill. (Public Utilities Code § 739.12)

7) Requires an electrical or gas corporation to perform home weatherization services for low-income customers if the CPUC determines that a significant need for those services exists in the utility's service territory, as specified. (Public Utilities Code § 2790)

8) Requires the CPUC to consider programs to provide rate relief for low-income ratepayers of water corporations (known as the Customer Assistance Program (CAP)). (Public Utilities Code § 739.8)

9) Establishes the Community Services and Development Department (CSD) as a department within the California Health and Human Services Agency, and tasks CSD with implementing several types of federal assistance to help low-income households meet their energy needs. (Government Code §§ 12085-12091 and 16366.1-16367.8)

10) Establishes the Low-Income Home Energy Assistance program (LIHEAP) in the Department of Health and Human Services and authorizes grants to assist low-income households that pay a high proportion of household income for home energy, with allotments apportioned to each state, as specified. (42 United States Code § 8621 et seq.)

11) Requires the State Water Resources Control Board (State Water Board) to develop a plan for the funding and implementation of the Low-Income Water Rate Assistance Program, as specified, by January 1, 2018, and to submit a report to the Legislature no later than February 1, 2018. (Water Code § 189.5)

FISCAL EFFECT: According to the Senate Appropriations Committee, the bill will incur ongoing costs of about $7.1 million annually and one-time costs of $13.5 million to develop a universal application system by June 30, 2023 for customers to simultaneously apply for five low-income customer assistance programs: ESA, CARE, FERA, LifeLine, and CAP. LIHEAP and low income programs developed under the State Water Board were not included in the version of the bill analyzed by the Appropriations Committee.

BACKGROUND:

CPUC administers and oversees several low-income assistance programs:

CARE program – Statute requires the CPUC to establish the CARE program, which provides assistance to low-income electric and gas customers with annual household incomes less than 200% of federal poverty guideline levels. The cost of this program is spread across multiple classes of customers. AB 327 (Perea, Chapter 611, Statutes of 2013) restructured the rate design for residential electric customers, including directing the CPUC to establish rates for the CARE program customers of the large electric IOUs. The set rates must effectively give a discount between 30-35% to eligible customers of electrical corporations with 100,000 or more customer accounts. Electrical corporations with fewer than 100,000 customer accounts offer a 20% discount. Customers may also be eligible for CARE if they are enrolled in public assistance programs, such as: Medicaid/Medi-Cal, Women, Infant, Children Program (WIC), Healthy Families A&B, National School Lunch's Free Lunch Program, Food Stamps/SNAP, Low Income Home Energy Assistance Program, Head Start Income Eligible, Supplemental Security Income, Bureau of Indian Affairs General Assistance, and Temporary Assistance for Needy Families (TANF). CARE enrollment participation rates are generally in the 80% or more of the eligible population for most of the energy utilities.

FERA program – Customers whose household income slightly exceeds the CARE allowance (up to 250% of federal poverty level) qualify to receive FERA discounts. Unlike CARE, FERA applies an 18% discount to customers of the state's three largest electric utilities – Southern California Edison (SCE), San Diego Gas & Electric Company (SDG&E), and Pacific Gas & Electric Company (PG&E). FERA was established through a CPUC decision involving the electric IOUs and ratepayer organizations. FERA is an effort to help families who may have incomes that are just above the income eligibility for CARE, but who likely still experience hardships paying their utility bills. Unlike CARE, FERA enrollment participation rates are low across the board for all three utilities. FERA was codified in statute in 2018 by SB 1135 (Bradford, Chapter 413). However, when a customer applies for CARE with an income that instead qualifies them for FERA, they are automatically enrolled in the appropriate program.

ESA program – One of the state's oldest energy assistance programs, with origins in a 1983 decision by the CPUC, the ESA Program is one of the key assistance programs administered by the state's four largest IOUs. The ESA Program offers no-cost energy efficiency measures and non-energy benefits for income-qualified households. Services provided include attic insulation, energy-efficient refrigerators, energy-efficient furnaces, weather-stripping, caulking, low-flow showerheads, water heater blankets, and door and building envelope repairs that reduce air infiltration. In providing these energy efficiency and weatherization measures, the ESA Program is able to help low-income families reduce energy consumption and optimize a more efficient use of energy, while improving quality of life and comfort. Both participating and non-participating ratepayers fund the ESA Program via a surcharge on electric and gas utility bills. For each budget cycle, the CPUC approves budgets for, and directs the electric and gas IOU's administration of, the ESA Program. Customers whose income falls at 200 percent of federal poverty are eligible for the program. This threshold is the same as that for the CARE program, and ESA customers who are not already enrolled in CARE are offered the option to enroll during the ESA assessment process. Beginning in July 1st of this year, income eligibility will be adjusted, pursuant to SB 756 (Hueso, 2021), to include customers whose income falls at or below 250 percent of federal poverty.

CPUC Universal Application System (UAS) Working Group for energy programs – In June 2021, the CPUC adopted a decision (D. 21-06-015) which directed electric and gas IOUs to establish a UAS Working Group with stakeholders. The working group is intended to work towards a single application portal for, at minimum, the ESA, CARE, and FERA programs. Additionally, the working group would support and connect to other low-income and clean energy programs, including non-IOU programs. The UAS would allow for multiple registration pathways: online, in-person, by phone, text, and email. The working group consists of membership from community-based organizations, utilities, contractors, and other stakeholders. The group had its first meeting in December 2021 and recommendations are expected by July 1, 2022. In a May 2022 draft report, the working group proposed several recommendations including that a UAS should be pursued, be run by a 3rd-party vendor, and begin with only CARE, FERA, and ESA, before integrating as many additional programs as possible. The working group also identified necessary technical features such as allowing customers to complete one application for multiple programs and supporting data sharing of application information and energy usage information among program partners, program administrators, and other implementers.[1]

Customer Assistance Program (CAP) for water utilities – The CPUC has authorized the largest nine water IOUs to offer low-income rate assistance programs similar in concept to those provided to electricity customers through CARE. However, each program varies in terms of the amount of the assistance provided to customers and the collection of the surcharge from non-participating customers to cover the cost of the program. All nine Class A water utilities, one Class B in a few districts, and one Class C water utility offer discounts on the monthly bills for qualifying low-income customers. Water utilities will be slowly transitioning the unique names of their low-income assistance programs to the uniform name CAP pursuant to CPUC Decision D. 20-08-047. Discounts and surcharges supporting the programs are reviewed in each utility's general rate cases.

In 2011 (D.11-05-020), the CPUC ordered large water and energy utilities to exchange information about their low-income customers to cross-promote the goal of increasing participation in both entities' low-income assistance programs, but in particular the regulated water utilities' programs. The decision resulted in quarterly data sharing between electric and water IOUs that have overlapping territories and automatic enrollment of customers. Because CARE enrollment is so much greater than water utility CAPs, this data sharing is effectively one-way. This data sharing and automatic enrollment is simplified by the fact that a customer who is qualified for CARE is categorically qualified for a water IOU CAP. Only the 10 largest water utilities are included in this arrangement, which serve greater than 97% of the water service connections under the CPUC jurisdiction. However, for context, CPUC-jurisdictional water IOUs only serve approximately 16% of California's residents.[2]

Lifeline program – The Lifeline program was created in the mid-1980s to ensure that low-income families could afford basic telephone service after the breakup of the Bell telephone system raised concerns about increasing local telephone costs. California's Lifeline program pre-dates the federal Lifeline program. The federal Lifeline program helps lower a participant's communications bill by $9.25 per month, and California's Lifeline program provides $14.85 per month in assistance. These discounts are provided directly to the communications provider. When enrolled in both programs, a California Lifeline subscriber can lower their communications bill by approximately $25 per month. The CPUC has broad authority over the Lifeline program, but benefits are coordinated with federal rules. While California administers the Lifeline program at the state level with a third-party administrator, the FCC administers the Lifeline program at the federal level through USAC. According to the CPUC, there are also biannual data transfers between the CPUC Communications Division and electric and gas IOUs to inform enrollment efforts in LifeLine and CARE

<u>Some low-income assistance programs are administered or have been planned outside of CPUC:</u>

State Water Resources Control Board – While the CPUC regulates water IOUs to ensure that ratepayers have access to safe and reliable water utility infrastructure and services, the state's

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[1] California Investor-Owned Utilities. *UNIVERSAL APPLICATION SYSTEM SUB-WORKING GROUP RECOMMENDATION REPORT DRAFT*. May 2022.
https://pda.energydataweb.com/api/view/2626/UAS%20Recommendation%20Draft_Comments%20Due%205_30.pdf
[2] https://www.cpuc.ca.gov/about-cpuc/divisions/water-division

drinking water systems are not governed by any one body. Publicly owned water and wastewater utilities are governed by local boards, not the CPUC. And the State Water Board has regulatory authority over the quality of the state's water resources and drinking water. With this general authority, the State Water Board oversees approximately 7,500 public water systems which are also overseen by either the CPUC or local boards.[3] AB 401 (Dodd, Chapter 662, Statutes of 2015) required the State Water Board, in collaboration with the State Board of Equalization and relevant stakeholders, to develop a plan for funding and implementing a Low-Income Water Rate Assistance Program and AB 222 (Dodd, 2021) would establish a Water Rate Assistance Fund, administered by CSD in consultation with the State Water Board, which would provide assistance to water customers throughout the state. However, while the State Water Board has a Division of Financial Assistance that administers various programs, grants, and loans, no low-income programs developed under the State Water Board currently exist.

CSD energy assistance programs – CSD is charged with helping to reduce poverty for Californians by leading the development and coordination of effective and innovative programs for low-income Californians. CSD administers local community services and energy assistance programs through a network of community-based organizations and nonprofit regional administrators to deliver services to low-income families, individuals, and communities with the goal of helping them achieve economic security and a higher quality of life. Among these programs, CSD administers the low-income home energy assistance program (LIHEAP). LIHEAP is a federally-funded program that helps low-income households pay for heating or cooling through a one-time payment or weatherization services. As programs that can both assist in weatherization, CSD and the electric and gas IOUs ensure overlapping enrollment in LIHEAP and ESA through biannual data transfers. The CSD has also recently been designated to administer the water crisis assistance funding from the federal funds in response to the COVID-19 crisis (LIHWAP), and energy debt relief programs adopted by the Legislature.

Compare and Contrast – As shown in Table 1, the various programs for which this bill proposes a streamlined application process have very different ratios of enrolled customers to eligible customers, or saturation rate. LIHEAP is excluded for lack of available data.

Program	*Lifeline*	*CARE*	*ESA*	*FERA*	*Water*
Saturation Rate	17% [4]	>95%[5,6]	59%[7]	~30%[8]	<20%[9]

Table 2[10] shows a simplified illustration of the application requirements for the various programs in this bill. CARE and CAP have identical requirements, as do the two programs linked to federal funding: LIHEAP and LifeLine.

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[3] https://www.waterboards.ca.gov/drinking_water/certlic/drinkingwater/waterpartnership.html
[4] Flores, H. and Gudkov, A. *California Lifeline - TruConnect Map Release* ideateLabs and TruConnect. September 2020. https://ideate-labs.com/california-lifeline-2020/
[5] PG&E, SDG&E, SCE, and SoCal Gas. *PY2021 Low Income Annual Reports*. June 8, 2022 https://liob.cpuc.ca.gov/monthly-annual-reports/ each reported a value greater than 100%
[6] Evergreen Economics. *Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs. Volume I: Summary Report*. December 16, 2013 https://liob.cpuc.ca.gov/assessments/ reported 95%
[7] Evergreen Economics. *Needs Assessment for the Energy Savings Assistance and the California Alternate Rates for Energy Programs. Volume I: Summary Report*. December 16, 2013 https://liob.cpuc.ca.gov/assessments/
[8] (D.) 21-6-015 identified a goal of 30% saturation in 2021, 40% in 2022, and 50% saturation by 2023
[9] California State Water Resources Control Board. "Recommendations for Implementation of a Statewide Low-Income Water Rate Assistance Program," *Low-Income Water Rate Assistance Final Report.* February 2020.

Application Requirements

Low-income Assistance Programs

	CARE	FERA	LIFELINE	ESAP	LIHEAP	CAP
Enrollment in Public Assistance Program	✓	✗	✓	✓	✓	✓
Household Income	✓	✓	✓	✓	✓	✓
Proof of Income	✗	✓	✓	✓	✓	✗
Proof of Assistance Program	✗	✗	✓	✓	✓	✗
Signature	✓	✓	✓	✗	✓	✓

COMMENTS:

1) *Author's Statement.* According to the author, "Today, the CPUC-regulated utilities and service providers administer several low-income assistance programs. These programs ensure that our most vulnerable residents have affordable access to essential services – including electricity, water, gas, and telecommunications services. We all know how challenging it can be for residents to apply for assistance one program at a time, or one utility contact at a time. SB 1208 would help streamline the application process to allow customers to verify their eligibility for multiple assistance programs at one time and facilitate the enrollment and eligibility verification process to increase participation of low-income residents to critical programs. Specifically, the bill would direct the CPUC to maximize data sharing for consenting customers during the application process utilizing a third-party verifier. With over 4 million residents living below 200 percent of federal poverty, a streamlined universal application process will ensure more eligible residents have greater access to essential utility services."

2) *Under-enrollment.* Except for CARE, enrollment data shows that many low-income assistance programs are not being fully utilized by eligible customers. Further, the CPUC is embarking on development of a UAS process, acknowledging the barriers to enrollment caused by the number of assistance programs and cumbersome enrollment processes. Based on information provided by the CPUC, they expect to have a report submitted to the full commission by July 1, 2022 to identify a process for a UAS, with the goal of a CPUC decision later this year. Although the CPUC is currently focused on CARE, FERA, and ESA programs for the UAS, they note an openness to other programs. Proponents of this bill posit that a universal application process serves to increase access to reductions in the costs of energy, water, and telecommunications services for low-income customers.

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[10] *Streamlining Low Income Utility Assistance Programs: Overview and Comparison of Application Requirements*. Slide deck. IDEATE California.

3) *Overworked.* The bill requires the CPUC to develop a concurrent application process by June 30, 2024. However, because the bill requires utilities to auto-enroll customers based on application information and eligibility data received through data sharing with another entity, this timeline is aggressive. The customer-facing program must have two-way integration: customers send information to program administrators *and* program administrators send information back through the system. The CPUC is going to contract with a third-party for the software development of this system, leading to a California Department of Technology Project Approval Lifecycle of at least one year but possibly more. Additionally, this bill requires local publicly owned utilities (POUs) to share data with the CPUC. As the CPUC does not have jurisdiction over POUs, this will require data sharing agreements with each POU, including hundreds of public water utilities. The CPUC estimates the number of agreements necessitated by this bill to be roughly 400. According to the CPUC, the data sharing agreements, memoranda of understanding, and non-disclosure agreements with CSD and the water utilities (for LIHEAP and CAP) took more than a year. The June 30, 2024 deadline may also preclude CPUC from opening a proceeding, which generally takes 18 months to complete.

4) *Sort the wheat from the chaff.* The development of a concurrent application process described in Sec. 731(a) of this bill is well-targeted toward a problem and is in line with suggestions from the electric and gas utilities in the CPUC-directed UAS working group. However, this bill becomes confusing in its vision of the concurrent application process. The bill isolates as a possible route to concurrent applications the development of a digital platform that facilitates the sharing of information in order to populate fields of multiple applications for assistance programs administered by various utilities, third-parties, agencies, and other program administrators. This would allow a customer to apply to one program and, after however long it takes the data to be shared to every other program, automatically apply to other programs that require identical information. But, after that time delay, they would also have some fields already filled in for every other application in the system, regardless of eligibility. The most frequent data-exchange currently in practice is between electric and gas IOUs and water IOUs for CARE and CAP enrollment and occurs quarterly.

   The rewards in undertaking such a complete system overhaul may not outweigh the expense or challenges. In the concurrent application process developed by the CPUC, there may indeed be opportunities for population of repeated fields amongst similar applications, but, in the rapidly changing realm of the World Wide Web, it may be imprudent to commit website development tips to statute.

5) *Who's in Charge?* This bill is unclear on who will administer the concurrent application process. POUs are only required to share data with the CPUC, implying that the CPUC will manage the process; but Section 731(e) of this bill requires utilities to gain applicants' consent to begin an enrollment process, implying that utilities shall administer the concurrent application. This bill also requires that the enrollment process of the LifeLine program be used as a model for data management, but the LifeLine enrollment process is administered by a third-party contractor. If the utilities or a third-party contractor administers the programs, the language regarding POU data sharing would need to be expanded.

6) *Questions for the Budget.* This bill mandates that all reasonable costs, including staffing and administrative costs, be reimbursed from a specific account and be a part of the budget of the CPUC. Such specificity regarding CPUC subaccounts is a budgetary matter and not appropriate to be codified.

7) *Prior Legislation*.

   SB 756 (Hueso) defined, beginning July 1, 2022, "low-income customers" for the purposes of eligibility for the ESA program to mean low-income persons or families with household income at or below 250 percent of federal poverty level. Status: Chapter 248, Statutes of 2021

   AB 74 (Lorena Gonzalez) required the CPUC to make various changes to the enrollment and recertification process for California's Lifeline program. Status: Chapter 410, Statutes of 2021.

   SB 1135 (Bradford) codified the requirements of the FERA program for the state's three largest electrical corporations and increases the program discount from 12-18% line-item discount on a customer's electric utility bill. Status: Chapter 413, Statutes of 2018

   AB 327 (Perea) restructured the rate design for residential electric customers, including directing the CPUC to establish rates for the CARE program customers of the large IOUs. The set rates must effectively give a discount between 30-35% to eligible customers. Status: Chapter 611, Statutes of 2013.

REGISTERED SUPPORT / OPPOSITION:

Support

California Community Economic Development Association (CCEDA)
California Water Association
California Water Service Company
Community Action Partnership of Kern
Proteus INC.
Renaissance Entrepreneurship Center
Riverside County Black Chamber of Commerce
The Greenlining Institute
The Utility Reform Network (TURN)
TruConnect

Opposition

None on file.

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