Date of Hearing: June 29, 2022

ASSEMBLY COMMITTEE ON COMMUNICATIONS AND CONVEYANCE
Sharon Quirk-Silva, 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 concurrent application process to enable a customer to apply, or begin to apply, to multiple low-income customer assistance programs.

Specifically, **this bill**:

1) Requires the commission to develop the concurrent application process on or before June 30, 2024, in consultation with specified entities.

2) Requires that the low-income customer assistance programs included in the concurrent application process include various programs administered by electric utilities, water utilities, and telecommunications service providers.

3) Requires the CPUC to use the eligibility verification and enrollment process for the Lifeline program as a model for implementing provisions of this bill.

4) Requires a utility to receive consent from low-income applications to use their information to begin the process of enrolling in other low-income customer assistance programs.

5) Provides that the costs of implementing this bill shall be reimbursed through the Public Utilities Commission Utilities Reimbursement Account.

6) Requires local publicly owned utilities to work with the CPUC to implement this bill by sharing their customer data.

**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 of a similar version of the bill, the CPUC would 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:**

<u>*CPUC administers and oversees several low-income assistance programs:*</u>

*CARE program* – State law requires the CPUC to establish the California Alternative Rates for Energy (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. 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 Family Electric Rate Assistance (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 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. 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, the Energy Savings Assistance (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.

*Customer Assistance Program (CAP) for private water utilities* – The CPUC has authorized the largest nine water investor owned utilities (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.[1]

*California Lifeline Program* – The California Lifeline program provides affordable wireline and wireless phone service to approximately 1.3 million low-income customers. In September 1983, the California Legislature enacted the Moore Universal Telephone Service Act (Moore Act) to ensure availability of affordable "basic local telephone service" to all qualifying low-income households. In 1984, CPUC Decision (D.) 84-04-053 established California Lifeline (formerly known as the Universal Lifeline Telephone Service Program) to lower the cost of eligible households' monthly phone bills. California's Lifeline program pre-dates the federal Lifeline program, but combined allow millions of California access to free or low-cost phone service. 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. In 2005, the CPUC transferred the enrollment functions from the telephone corporations to a Third-Party Administrator (TPA). Under the CPUC's oversight and supervision, the TPA handles the application, enrollment, and renewal processes, and determines if an applicant is eligible to enroll in California Lifeline. Through the TPA, California administers over 5.6 million annual eligibility determinations for both the federal and state subsidies. The Lifeline has very low participation compared to other low-income programs, with an estimated 31% participation rate.

*Some low-income assistance programs are administered or have been planned outside of CPUC:*

*State Water Resources Control Board (SWRCB)* – While the CPUC regulates water IOUs to ensure that ratepayers have access to safe and reliable water utility infrastructure and services, the state's drinking water systems are not governed by any one body. Publicly owned water and wastewater utilities are governed by local boards, not the CPUC. The SWRCB has regulatory authority over the quality of the state's water resources and drinking water. With this general authority, the SWRCB oversees approximately 7,500 public water systems which are also

[1] https://www.cpuc.ca.gov/about-cpuc/divisions/water-division

overseen by either the CPUC or local boards. AB 401 (Dodd, Chapter 662, Statutes of 2015) required the SWRCB, 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 the Department of Community Services and Development (CSD) in consultation with the SWRCB, which would provide assistance to water customers throughout the state; however, while the SWRCB 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.

**COMMENTS**:

1) *Purpose of the bill.* The purpose of this bill is to simplify the application process for low-income customers to access the benefits of various low-income programs by enabling concurrent enrollment in various programs. The concurrent enrollment process would be made possible by data sharing between various entities administering the separate programs. By enabling concurrent enrollment, this bill seeks to increase customer participation in low-income programs to maximize benefits for those customers. Despite the merits of the purpose of this bill, its broad scope and unclear direction raises doubts about the CPUC's ability to implement the concurrent enrollment process successfully.

2) *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."

3) *The timeline for this bill would be difficult to meet.* The bill requires the CPUC to develop a concurrent application process by June 30, 2024 for various low-income programs, some of which are outside the scope of the CPUC's administration and jurisdiction. To make the concurrent enrollment process operational, the bill images the development of a digital platform to facilities the sharing of information to populate the fields of various low-income customer assistance programs. Given that the CPUC does not have the internal capacity to develop such an information technology (IT) project, the CPUC would need to contract with a third-party for the software development of this system. Contracting with a third party IT contractor would necessitate approval from the California Department of Technology, which could take at least one year. In addition to developing a digital platform, the CPUC would also need to collect and centralize data from various different programs, including those administered by local publicly owned utilities (POUs). 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) *The bill assigns the CPUC an unclear role to implement the program.* The language of the bill is clear that the CPUC should develop the concurrent enrollment process imagined by the bill. However, the bill also states that it is the intent of the Legislature that a third-party verification process is used to enable the concurrent enrollment process, and that the Lifeline program third-party administrator be used as a model. At a minimum then, the CPUC would act as a contract manager with a third-party to develop the concurrent enrollment process. The bill is less clear on who manages the underlying customer data to make the process operational. For example, under the bill the POUs are only required to share data with the CPUC, implying that the CPUC's third-party would manage the concurrent enrollment process. However, 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. Regardless of who manages the enrollment and verification for the concurrent application process, the bill would benefit from further clarification on the various entities particular roles.

   Lastly, it is worth noting that the Lifeline program has among the lowest participation rates of all the low-income programs, which raises doubts about whether its enrollment and verification system is a worthy model for the concurrent enrollment process imagined by this bill. The Utility Reform Network (TURN), notes in their letter of support that:

   > "…exclusively using the existing verification and enrollment process for the Lifeline program would create new barriers to accessing some of the CPUC's programs. The Lifeline enrollment process is more onerous than the existing verification and enrollment processes for other CPUC low-income assistance programs. Moreover, the Lifeline enrollment process may deter customers with concerns related to immigration status from applying for benefits to which they are entitled."

5) *Despite the complexity, IOUs are moving towards a universal application*. In June 2021, the CPUC adopted a decision (D. 21-06-015) which directed electric and gas IOUs to establish a

Universal Application System (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. Whereas the draft working group report affirms the purpose and approach for this bill, this bill proposes a much larger scope of programs which adds additional complexity. Nonetheless, it could be possible to build a successful concurrent enrollment process based off the working group's recommendations and building on existing data sharing between CPUC jurisdictional electric and water utilities. As noted previously, electric and water IOUs already share some customer information for purposes of enrollment in low-income programs, while the rest of the programs intended to be covered by the concurrent enrollment process do not.

6) *Who pays for the concurrent enrollment process and who benefits?* This bill mandates that all reasonable costs, including staffing and administrative costs, be reimbursed from the Public Utilities Commission Utilities Reimbursement Account (PUCRA), a special fund, and be a part of the budget of the CPUC. The PUCRA primarily consists of revenues collected from CPUC regulated utilities and their customers. However, the concurrent enrollment process would benefit a group of customers beyond those that fund the PUCRA. Given the potential cost-shift to IOU customers and budgeting implications for the CPUC, the cost of implementing this bill would be better left to the state budget process.

7) *Need for amendments.* Given the policy issues raised in this analysis, the author may wish to amend this bill to narrow its scope and allow the CPUC to develop a concurrent enrollment process with less programs, and more flexibility in the particular approach and budgeting.

   a. Clarify that electric, gas, and water corporations are covered by this bill.

   b. Strike the requirement to use a third-party verification process modeled off the Lifeline program.

   c. Strike requirements to consult and include local publicly owned utilities in the concurrent enrollment process.

   d. Permit the CPUC to exclude the Lifeline program, LIHEAP program, and low-income programs developed by the SWRCB in the concurrent application process.

   e. Strike references to a digital platform to facilitate the sharing of customer information.

f. Strike the requirement that costs associated with the bill be reimbursed through the PUCRA.

g. Strike the requirement that local publicly owned utilities work the CPUC to develop the concurrent enrollment through data sharing.

8) *Arguments in Support.* The California Water Association, the trade association for CPUC regulated water utilities, writes in support that "SB 1208 will modernize and streamline the low-income utility program applications and enrollment process in California. California has an estimated 4.1 million individuals living below 200% federal poverty level. Many of these individuals are eligible for existing programs, yet many programs remain under enrolled. This bill will help facilitate the application process across utility sectors, save program dollars and improve coordination and oversight of the programs."

**REGISTERED SUPPORT / OPPOSITION**:

**Support**

California Water Association
Community Action Partnership of Kern
Proteus INC.
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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