

**M e m o r a n d u m**

**Date:** April 19, 2006

**To:** The Commission  
(Meeting of May 11, 2006)

**From:** Delaney Hunter, Director  
Office of Governmental Affairs (OGA) — Sacramento

**Subject:** **AB 2104 (Lieber) - Energy: California Alternate Rates for Energy program**  
As Amended April 5, 2006

**LEGISLATIVE SUBCOMMITTEE RECOMMENDATION:** Support with Technical Amendments

**SUMMARY OF BILL:** This bill requires the California Public Utilities Commission (Commission) to expand the application process for the California Alternate Rate for Energy (CARE) program to allow tenants of master-metered utility accounts (such as mobile-home parks, apartments, and similar residential housing) to apply directly to their respective utilities' CARE programs. The utilities would also directly notify and provide renewal applications to tenants that are existing CARE customers.

**SUMMARY OF SUPPORTING ARGUMENTS FOR RECOMMENDATION:** Low-income tenants of master-metered facilities should be able to apply for and receive CARE application and renewal materials and the CARE discount directly from the utilities that provide their facilities with electricity and gas.

Many low-income sub-metered tenants already have the ability to receive CARE applications and renewal or recertification materials. Procedural changes may have to be applied in order to ensure that CARE materials are provided to those sub-metered tenants who don't currently get CARE information sent to them directly.

A technical workshop attended by California's investor-owned utilities and other interested parties may be a forum to resolve the technical and procedural requirements to support low-income sub-metered tenants receiving the CARE discount.

**SUMMARY OF SUGGESTED AMENDMENTS:** AB 2104 should be amended to include a requirement that ensures that the CARE discount is provided to low-income sub-metered or master-metered tenants that apply and qualify for the CARE program.

**DIVISION ANALYSIS (Energy Division):** Existing utility practice would change if this bill were enacted. Utilities would have to gather and track more information about sub-metered and master-metered low-income tenants.

Sub-metered and master-metered low-income tenants are currently being provided information about the CARE program in an uneven manner. In addition there are no procedures in place to ensure that the discount that is provided to the master-metered bill is applied to the individual low-income tenant that applied for CARE.

If the amendment suggested above is incorporated into the bill, the Commission will need authority to enforce the procedure by being able to cite master meter owners of mobile home parks, apartment buildings, or other facilities for failure to pass on the CARE discounts to their tenants. There might be some jurisdictional issues with this and the enforcement of the rule may have to be conducted through some other agency such as the District Attorney or the Attorney General.

AB 2104 does not address the issue concerning how the CARE discount is provided to the low-income tenant after the tenant's application has been processed by the utility.

AB 2104 has the potential to expand CARE enrollment by identifying those low-income tenants in sub-metered and master-metered facilities that may not have applied for the CARE program and/or may not be receiving the CARE discount from the landlord or facility manager.

**PROGRAM BACKGROUND:** Currently there are no uniform processes among California utilities for providing CARE application and renewal materials to low-income sub-metered tenants of master-metered facilities. These conditions also exist for low-income tenants of master-metered housing that do not have sub-meters.

California utilities have varying methods of providing the CARE application to sub-metered tenants. Some California utilities provide low-income sub-metered tenants with application and renewal materials directly by mail. These customers have either contacted the utility directly or received materials through the utility's outreach activities. If no contact is made by these or other means no materials are provided to the tenant from the utility. Other California utilities provide CARE application and renewal materials to the owners/managers of sub-metered facilities. Owners/managers are told that they can make copies of the applications or call for more if needed. Tenants can mail the applications directly to the utility.

California utilities apply the CARE discount using comparable methods; however, there is currently no procedure for ensuring that the discount is provided to the specific low-income tenant that applied for and was qualified for CARE. When a sub-metered tenant

applies and is certified for CARE, the utility notifies its master-metered customer of the tenant's certification. The tenant receives the CARE discount as a "pass-through" from the master-metered customer. The master-metered customer, not the utility, is responsible for extending CARE discounts to tenants certified to receive them.

**LEGISLATIVE HISTORY:** None.

**FISCAL IMPACT:** Initial estimates put the fiscal impact of this bill at \$184,005. It is estimated that to do this work the Commission would need two additional staff positions (i.e. two analysts).

**STATUS:** The bill passed in Assembly U&C on April 3<sup>rd</sup> and was re-referred to Assembly Appropriations. It is scheduled to be heard in Assembly Appropriations on April 26<sup>th</sup>.

**SUPPORT/OPPOSITION:**

Support

California Catholic Conference of Bishops  
Golden State Mobilehome Owners League, Inc. (GSMOL) (Sponsor)  
Pacific Gas and Electric Company  
Southern California Edison  
The Utility Reform Network (TURN)  
Valley Mobilehome Residents Association  
Western Center on Law and Poverty (WCLP)  
Western Manufactured Housing Communities Association

Opposition

None on file.

**STAFF CONTACTS:**

Sean Gallagher Director - Energy Division	<a href="mailto:shg@cpuc.ca.gov">shg@cpuc.ca.gov</a> (415) 703-2059
Sarita Sarvate Staff - Energy Division	<a href="mailto:sbs@cpuc.ca.gov">sbs@cpuc.ca.gov</a> (415) 703-5574
Hazlyn Fortune Staff - Energy Division	<a href="mailto:hcf@cpuc.ca.gov">hcf@cpuc.ca.gov</a> (415) 703-1809
Thomas Flynn Staff – Office of Governmental Affairs	<a href="mailto:trf@cpuc.ca.gov">trf@cpuc.ca.gov</a> (916) 324-8689

**BILL LANGUAGE:**

BILL NUMBER: AB 2104 AMENDED  
BILL TEXT

AMENDED IN ASSEMBLY APRIL 5, 2006

INTRODUCED BY Assembly Member Lieber

FEBRUARY 17, 2006

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

LEGISLATIVE COUNSEL'S DIGEST

AB 2104, as amended, Lieber Energy: California Alternate Rates for Energy program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations. Existing law requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy (CARE) program.

Existing law requires, when gas or electric service is provided by a master-meter customer to users who are tenants of a mobilehome park, apartment building, or similar residential complex, that the master-meter customer charge each user at the same rate as would apply if the user were receiving gas or electricity directly from the gas or electrical corporation.

This bill would require the commission , by December 31, 2007, to improve the CARE application process for tenants of a mobilehome park, apartment building, or similar residential complex receiving electric or gas service from a master-meter customer through a submetered system by developing processes whereby electrical corporations and gas corporations are able to directly accept CARE applications from those tenants and to directly notify and provide renewal applications to tenants that are existing CARE customers. *These requirements would be repealed on January 1, 2008.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

*SECTION 1. (a) The Public Utilities Commission shall, by December 31, 2007, improve the California Alternative Rates for Energy or CARE program application process for tenants of a mobilehome park, apartment building, or similar residential complex, receiving electric or gas service from a master-meter customer through a submetered system pursuant to Section 739.5, by doing both of the following:*

(1) Developing processes whereby electrical corporations and gas corporations are able to directly accept CARE applications from tenants of a mobilehome park, apartment building, or similar residential complex.

(2) Developing processes whereby electrical corporations and gas corporations are able to directly notify and provide renewal applications to tenants of a mobilehome park, apartment building, or similar residential complex, that are existing CARE customers.

(b) This section shall remain in effect only until January 1, 2008, and as of that date is repealed, unless a later enacted statute, that is chaptered before January 1, 2008, deletes or extends that date.

~~SECTION 1. Section 739.1 of the Public Utilities Code is amended to read:~~

~~739.1. (a) The commission shall establish a program of assistance to low income electric and gas customers, the cost of which shall not be borne solely by any single class of customer. The program shall be referred to as the California Alternate Rates for Energy or CARE program. The commission shall ensure that the level of discount for low income electric and gas customers correctly reflects the level of need.~~

~~(b) The commission shall work with the public utility electrical and gas corporations to establish penetration goals. The commission shall authorize recovery of all administrative costs associated with the implementation of the CARE program that the commission determines to be reasonable, through a balancing account mechanism. Administrative costs shall include, but are not limited to, outreach, marketing, regulatory compliance, certification and verification, billing, measurement and evaluation, and capital improvements and upgrades to communications and processing equipment.~~

~~(c) The commission shall examine methods to improve CARE enrollment and participation. This examination shall include, but need not be limited to, comparing information from CARE and the Universal Lifeline Telephone Service (ULTS) to determine the most effective means of utilizing that information to increase CARE enrollment, automatic enrollment of ULTS customers who are eligible for the CARE program, customer privacy issues, and alternative mechanisms for outreach to potential enrollees. The commission shall ensure that a customer consents prior to enrollment. The commission shall consult with interested parties, including ULTS providers, to develop the best methods of informing ULTS customers about other available low income programs, as well as the best mechanism for telephone providers to recover reasonable costs incurred pursuant to this section.~~

~~(d) The commission shall improve the CARE application process by cooperating with other entities and representatives of California government, including the California Health and Human Services Agency and the Secretary of California Health and Human Services, to ensure that all gas and electric customers eligible for public assistance programs in California that reside within the service territory of an electrical corporation or gas corporation, are enrolled in the CARE program. To the extent practicable, the commission shall develop a CARE application process using the existing ULTS application process as a model. The commission shall work with public utility electrical and gas corporations and the Low Income Oversight Board established in Section 382.1 to meet the low income objectives in this section.~~

~~—(e) The commission shall improve the CARE application process for tenants of a mobilehome park, apartment building, or similar residential complex, receiving electric or gas service from a master meter customer through a submetered system pursuant to Section 739.5, by doing both of the following:~~

~~—(1) Developing processes whereby electrical corporations and gas corporations are able to directly accept CARE applications from tenants of a mobilehome park, apartment building, or similar residential complex.~~

~~—(2) Developing processes whereby electrical corporations and gas corporations are able to directly notify and provide renewal applications to tenants of a mobilehome park, apartment building, or similar residential complex, that are existing CARE customers.~~

~~—(e) The commission's program of assistance to low income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved quality of care or improved food service, of the low income residents in the facilities. The commission shall authorize utilities to offer discounts to eligible facilities licensed or permitted by appropriate state or local agencies, and to facilities, including women's shelters, hospices, and homeless shelters, that may not have a license or permit but provide other proof satisfactory to the utility that they are eligible to participate in the program.~~

~~—(f) It is the intent of the Legislature that the commission ensure CARE program participants are afforded the lowest possible electric and gas rates and, to the extent possible, are exempt from additional surcharges attributable to the current energy crisis.~~