

CONSUMER EDITS INCLUDED

**SECTION 1.**

*Section 739.1 of the Public Utilities Code is amended to read:*

739.1.

(a) The commission shall *continue* a program of assistance to low-income electric and gas customers with annual household incomes that are no greater than 200 percent of the federal poverty guideline levels, 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.

*Eligibility for one-person CARE households shall be based on two-person income guidelines.*

(b) The commission shall establish rates for CARE program participants, subject to both of the following:

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

(2) That the level of the discount for low-income electricity and gas ratepayers correctly reflects the level of need as determined by the needs assessment conducted pursuant to subdivision (d) of Section 382, which needs assessment shall be conducted no less frequently than every three years.

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

(1) The average effective CARE discount shall not be less than 30 percent or more than 35 percent of the revenues that would have been produced for the same billed usage by non-CARE customers. The average effective discount determined by the commission shall reflect any charges not paid by CARE customers, including payments for the California Solar Initiative, payments for the self-generation incentive program made pursuant to Section 379.6, payment of the separate rate component to fund the CARE program made pursuant to subdivision (a) of Section 381, payments made to the Department of Water Resources pursuant to Division 27 (commencing with Section 80000) of the Water Code, and any discount in a fixed charge. The average effective CARE discount shall be calculated as a weighted average of the CARE discounts provided to individual customers.

(2) If an electrical corporation provides an average effective CARE discount in excess of the maximum percentage specified in paragraph (1), the electrical corporation shall not be permitted to reduce, on an annual basis, the average effective CARE discount by more than a reasonable percentage decrease below the discount in effect on or authorized by January 1, 2013.

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

(d) The commission shall work with 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.

(e) 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.

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(f) (1) 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. The commission may determine that such gas and electric customers are categorically eligible for CARE assistance if they are enrolled in other public assistance programs with substantially the same income eligibility requirements as 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 electrical and gas corporations and the Low-Income Oversight Board established in Section 382.1 to meet the low-income objectives in this section.

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

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

(h) 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.

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

(2) If a CARE program participant's electricity usage exceeds 600 percent of baseline usage, the electrical corporation shall require the CARE program participant to participate in ESAP, which includes a residential energy assessment, in order to provide the CARE program participant with information and assistance in reducing his or her energy usage. Continued participation in the CARE program shall be conditioned upon the CARE program participant agreeing to participate in ESAP within 45 days of a notice made by the electrical corporation pursuant to this paragraph. The electrical corporation may require

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the CARE program participant to notify the utility of whether the residence is rented, and if so, a means by which to contact the landlord, and the electrical corporation may share any evaluation and recommendation relative to the residential structure that is made as part of an energy assessment, with the landlord of the CARE program participant. Following the completion of the energy assessment, if the CARE program participant's electricity usage continues to exceed 600 percent of baseline usage, the electrical corporation may remove the CARE program participant from the program if the removal is consistent with procedures adopted by the commission. Nothing in this paragraph shall prevent a CARE program participant with electricity usage exceeding 600 percent of baseline usage from participating in an appeals process with the electrical corporation to determine whether the participant's usage levels are legitimate.

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

**SEC. 2.**

Section 739.9 of the Public Utilities Code is repealed.

**SEC. 3.**

Section 739.9 is added to the Public Utilities Code, to read:

739.9.

(a) *Increases to rates and charges in rate design proceedings, including any reduction in the California Alternate Rates for Energy (CARE) discount, shall be reasonable and subject to a reasonable phase-in schedule relative to the rates and charges in effect prior to January 1, 2014.*

(b) *Except as provided in subsection (c) of section 745, the commission shall require each electrical corporation to offer default rates to residential customers with at least two usage tiers. The first tier shall include electricity usage of no less than the baseline quantity established pursuant to paragraph (1) of subsection (d) of section 739.*

(c) *Consistent with the requirements of section 739, the commission may modify the seasonal definitions and applicable percentage of average consumption for one or more climatic zones.*

(d) *For purposes of this section and section 739.1, Fixed charge means any fixed customer charge, basic service fee, demand differentiated basic service fee, demand charge or other non-volumetric charge.*

(e) *The commission may adopt new, or expand existing, fixed charges for the purpose of collecting a reasonable portion of the fixed costs of providing service to residential customers. The commission shall ensure that any approved charges do all of the following:*

(1) *Reasonably reflect an appropriate portion of the different costs of serving small and large customers.*

(2) *Not unreasonably impair incentives for conservation and energy efficiency.*

(3) *Not overburden low-income customers.*

(f) *The commission may authorize fixed charges that do not exceed ten dollars (\$10) per residential customer account per month for customers not enrolled in the CARE program, and five dollars (\$5) per residential customer account per month for customers enrolled in the CARE program. Starting January 1, 2015, the maximum allowable fixed charge may be adjusted by no more than the annual percentage increase in the Consumer Price Index for the prior calendar year. This subsection shall apply to any default rate schedule, at least one optional tiered rate schedule, and at least one optional time variant rate schedule.*

(g) *This section does not require the commission to approve any new or expanded fixed customer charge.*

(h) *The commission may consider whether minimum bills are appropriate as a substitute for any fixed charges.*

**SEC. 4.**

Section 745 of the Public Utilities Code is repealed.

**SEC. 5.**

Section 745 is added to the Public Utilities Code, to read:

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745.

(a) For purposes of this section, time-variant pricing includes time-of-use rates, critical peak pricing, and real-time pricing, but does not include programs that provide customers with discounts from standard tariff rates as an incentive to reduce consumption at certain times, including peak time rebates.

(b) The commission may authorize an electrical corporation to offer residential customers the option of receiving service pursuant to time-variant pricing and to participate in other demand response programs. The commission shall not establish a mandatory or default time-variant pricing tariff for any residential customer except as authorized in subdivision (c).

(c) Beginning January 1, 2018, the commission may require or authorize an electrical corporation to employ default time-of-use pricing for residential customers subject to all of the following:

(1) Residential customers receiving a medical baseline allowance pursuant to subdivision (c) of Section 739, customers requesting third-party notification pursuant to subdivision (c) of Section 779.1, customers who the commission has ordered cannot be disconnected from service without an in-person visit from a utility representative (Decision 12-03-054 (March 22, 2012), Decision on Phase II Issues: Adoption of Practices to Reduce the Number of Gas and Electric Service Disconnections, Order 2 (b) at page 55), and other customers designated by the commission in its discretion shall not be subject to default time-of-use pricing without their affirmative consent.

(2) The commission shall ensure that any time-of-use rate schedule does not cause unreasonable hardship for senior citizens or economically vulnerable customers in hot climate zones.

(3) The commission shall strive for time-of-use rate schedules that utilize time periods that are appropriate for at least the following five years.

(4) A residential customer shall not be subject to a default time-of-use rate schedule unless that residential customer has been provided with not less than one year of interval usage data from an advanced meter and associated customer education and, following the passage of this period, is provided with no less than one year of bill protection during which the total amount paid by the residential customer for electric service shall not exceed the amount that would have been payable by the residential customer under that customer's previous rate schedule.

(5) Each electrical corporation shall provide each residential customer, no less than once per year, using a reasonable delivery method of the customer's choosing, a summary of available tariff options with a calculation of expected annual bill impacts under each available tariff. The summary shall not be provided to customers who notify the utility that they choose not to receive the summary. The reasonable costs of providing this service shall be recovered in rates.

(6) Residential customers have the option to not receive service pursuant to a time-of-use rate schedule and incur no additional charges as a result of the exercise of that option. Prohibited charges include, but are not limited to, administrative fees for switching away from time-of-use pricing, hedging premiums that exceed any actual costs of hedging, and more than a proportional share of any discounts or other incentives paid to customers to increase participation in time-of-use pricing. This prohibition on additional charges is not intended to ensure that a customer will necessarily experience a lower total bill as a result of the exercise of the option to not receive service pursuant to a time-of-use rate schedule.

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