
**SENATE COMMITTEE ON ENERGY, UTILITIES AND
COMMUNICATIONS**

**Senator Steven Bradford, Chair
2023 - 2024 Regular**

Bill No:	AB 2672	Hearing Date:	7/2/2024
Author:	Petrie-Norris		
Version:	4/22/2024 Amended		
Urgency:	No	Fiscal:	Yes
Consultant:	Nidia Bautista		

SUBJECT: California Alternate Rates for Energy program: public housing authority owned or administered Homekey housing facilities

DIGEST: This bill requires the California Public Utilities Commission (CPUC) to extend a low-income utility rate assistance program to include public housing authority owned or administered Homekey housing facilities.

ANALYSIS:

Existing law:

- 1) Establishes and vests the CPUC with regulatory authority over public utilities, including electrical corporations and gas corporations. (Article XII of the California Constitution)
- 2) Requires the CPUC to ensure that low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures. (Public Utilities Code §382)
- 3) Requires all charges demanded or received by any public utility, or by any two or more public utilities, for any product or commodity furnished or any service rendered or to be just and reasonable. (Public Utilities Code §451)
- 4) Requires the CPUC to establish a program of assistance to low-income electricity and gas customers with annual household incomes that are no greater than 200 percent of the federal poverty guidelines levels, referred to as the California Alternate Rates for Energy or CARE program. (Public Utilities Code §739.1)
- 5) Requires the CARE program to include nonprofit group living facilities specified by the CPUC, if the CPUC finds the occupants of the facilities substantially meet the CPUC's low-income eligibility requirements and there is a feasible process for certifying that the assistance is used for the direct benefit of the occupants. (Public Utilities Code §739.1(h))

- 6) Requires the CPUC's program of assistance to low-income electric and gas customers to include migrant farmworker housing centers, employee housing, housing for agricultural employees, if the CPUC finds the occupants of the facilities substantially meet the CPUC's low-income eligibility requirements and there is a feasible process for certifying that the assistance is used for the direct benefit of the occupants. (Public Utilities Code §739.2)
- 7) Requires the CPUC to continue a program of assistance to residential customers of the state's three largest electrical corporations consisting of households of three or more persons with total household annual gross income levels between 200 percent and 250 percent of the federal poverty guideline level, which is referred to as the Family Electric Rate Assistance (FERA) program. Requires the FERA program discount to be an 18 percent line-item discount applied to an eligible customer's bill calculated at the applicable rate for the billing period. (Public Utilities Code §739.12)
- 8) Establishes the Multifamily Housing Program administered by the Department of Housing and Community Development. Requires that specified funds appropriated to provide housing for individuals and families who are experiencing homelessness or who are at risk of homelessness and who are inherently impacted by or at increased risk for medical diseases or conditions due to the COVID-19 pandemic or other communicable diseases be disbursed in accordance with the Multifamily Housing Program for specified uses. This disbursement scheme is referred to as Homekey. (Health and Safety Code §50675.1.1)

This bill:

- 1) Requires that the CARE program include public housing authority owned or administered Homekey housing facilities that are master-metered and that the residents of which substantially meet the CPUC's low-income eligibility requirements, as identified by the CPUC.
- 2) Requires the CPUC to authorize electrical corporations and gas corporations to offer discounts to those facilities and to establish a feasible process for certifying that the assistance is used for the direct benefit of the residents of those facilities.
- 3) Deletes the requirement that the nonprofit group living facilities be group facilities.

Background

CARE program. Existing law requires the CPUC to establish the CARE program, which provides assistance to low-income customers, defined as those with annual household incomes less than 200 percent of federal poverty guideline levels, of electric and natural gas investor-owned utilities (IOUs). 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 IOUs. The set rates must effectively give a discount between 30 percent and 35 percent 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 percent 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 percent or more of the eligible population for most of the energy utilities. CARE customers also qualify for energy savings assistance program which provides subsidized weatherization and other energy efficiency upgrades to help reduce a CARE customer's overall energy load.

Project Homekey. Project Homekey was launched in July 2020 to evolve Project Roomkey, a short-term health and safety measure to house unsheltered residents during the COVID-19 pandemic, into a more permanent measure. While Roomkey focused on immediate shelter needs, Homekey focuses on providing permanent housing security. Based on a January 18th press release by Governor Newsom, since the start of Homekey, the state has rapidly transformed office spaces, hotels, motels, and other unused buildings into housing, creating more than 15,000 housing units to serve over 163,000 people experiencing homelessness. More specifically, Homekey provides grant funding to local public entities, such as housing authorities, to develop a broad range of housing types into permanent or interim housing units. Over \$700 million was appropriated in Fiscal Year 2022-2023 to fund Homekey, according to the California Department of Housing and Community Development.

Comments

Need for this bill. According to the author, "Many Project Homekey participants, as formerly homeless individuals, would be eligible for CARE discounts on their

electric and gas bills. However, these individuals are not currently receiving the help they need. AB 2672 would expand the CARE program eligibility to include housing owned or administered by a public housing authority, enabling vulnerable participants in Project Homekey a needed reduction on their energy bills.”

Other examples. Over the past 30 years, legislation (listed below) has extended utility low-income discount assistance programs to various populations, including to occupants of group housing for women’s shelters, hospices, homeless shelters, farmworker housing, and others. Additionally, legislation has extended electric utility bill discounts to food banks. This bill would extend CARE discount program to occupants of public housing authority owned or administered Homekey housing facilities. Given that the population served by these facilities are residents who experienced the loss of shelter, it is very likely these residents meet the income-eligibility for the CARE program. However, since the public housing authority facilities and nonprofit facilities administer Homekey, this bill would ensure the benefits of CARE are extended to the occupants of these facilities as the utility bills are likely to be managed by the owners of the facilities.

Impacts to ratepayers. By expanding the CARE program, as proposed by this bill, the costs to non-CARE customers may increase as the discount provided must be recovered from all other customers via the public purpose program surcharge on utility bills. Homekey beneficiaries are likely CARE-eligible based on their income. There are roughly 15 Homekey facilities and roughly 15,000 housing units, the impact of expanding eligibility to the residents may have a limited impact on the increasing collections for the CARE program.

Amendments needed. The author and committee may wish to amend this bill to remove the reference to master-meters, as not all Homekey facilities are master-metered, and make other clarifying changes.

Prior/Related Legislation

SB 1130 (Bradford, 2024) expands eligibility for the FERA electric utility bill discount program to households with fewer than three members and requires specified reporting by electrical corporations about enrollment in the program. The bill is pending in the Assembly Committee on Appropriations.

AB 205 (Committee on Budget, Chapter 61, Statutes of 2022) among its many provisions, included language that prohibits the CPUC from including discounts on fixed charges to count towards the average effective discount for CARE.

SB 1135 (Bradford, Chapter 413, Statutes of 2018) codified the requirements of an existing low-income electric rate discount program, known as the FERA program, for eligible customers of the state's three largest electrical corporations and increased the program discount from 12 percent to 18 percent line-item discount on a customer's electric utility bill.

AB 2218 (Bradford, Chapter 581, Statutes of 2014) required electrical and gas corporations to develop and implement a program of rate assistance to eligible food banks, subject to discretion and supervision by the CPUC.

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 to effectively give a discount between 30 percent and 35 percent to eligible customers of electrical corporations with 100,000 or more customer accounts.

AB 3429 (Bustamante, Chapter 946, Statutes of 1994) directed the CPUC to extend the CARE program for low-income group living facilities to include farmworker housing facilities.

SB 491 (Rosenthal, Chapter 947, Statutes of 1994) directed the CPUC to refer to its low-income ratepayer assistance program as the "CARE" program and to include eligible women's shelters, hospices and homeless shelters in the program.

SB 693 (Rosenthal, Chapter 443, Statutes of 1991) directed the CPUC to include nonprofit group living facilities that serve low-income individuals within the CPUC's low-income energy assistance program.

SB 987 (Dills, Chapter 212, Statutes of 1988) directed the CPUC to establish a program of assistance for low-income electric and gas customers.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT:

Ava Community Energy
California Community Choice Association
City of San Diego
San Diego Community Power
San Diego Gas and Electric Company
San Diego Housing Commission

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the San Diego Gas & Electric:

AB 2672 adds to the Expanded California Alternate Rates for Energy (CARE) program specified public housing where the residents substantially meet CPUC low-income eligibility requirements. Currently the Expanded CARE program provides a discount to qualified non-profit group living facilities, qualified shelters with a 501(c)(3) status, and qualified agricultural employee housing facilities. AB 2672 is intended to expand access to the CARE discount to facilities that target providing housing for individuals who are experiencing homelessness or are at risk of homelessness, as specified, a goal we support.

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