SENATE COMMITTEE ON ENERGY, UTILITIES AND COMMUNICATIONS
Senator Steven Bradford, Chair
2023 - 2024 Regular

Bill No:	SB 1130	**Hearing Date:**	3/19/2024
Author:	Bradford		
Version:	2/13/2024 Introduced		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Nidia Bautista		

SUBJECT: Electricity: Family Electric Rate Assistance: reports

DIGEST: This bill expands eligibility for an existing electric utility bill discount program to households with fewer than three members and requires specified reporting by electrical corporations about enrollment in the program.

ANALYSIS:

Existing law:

1) Establishes and vests the California Public Utilities Commission (CPUC) with regulatory authority over public utilities, including electrical corporations. Authorizes the CPUC to fix the rates and charges for every public utility. (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) Establishes the California Alternate Rates for Energy (CARE) program for 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 to ensure low-income ratepayers are not jeopardized or overburdened by monthly energy expenditures. Requires the CARE discount for electrical corporations with 100,000 or more customer accounts in California is not 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 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)

4) 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)

This bill:

1) Expands eligibility for the FERA program by eliminating the requirement that a household consist of three or more persons.

2) Requires the CPUC, by March 1, 2025, and each year thereafter, to require the state's three largest electrical corporations to report on their efforts to enroll customers in the FERA program.

3) Requires the CPUC, by June 1, 2025, and each year thereafter, to review each electrical corporation's report to ensure it has sufficiently enrolled eligible households in the FERA program commensurate with the proportion of households the CPUC determines to be eligible within the electrical corporation's service territory.

4) Requires the CPUC, if in its review of the report determines an electrical corporation has not sufficiently enrolled eligible households in the FERA program, to require the electrical corporation to develop a strategy and plan to sufficiently enroll eligible households within three years of the adoption of the strategy and plan.

Background

Electric Utility Customer Rate Assistance Programs. California customers of investor-owned electric utilities with qualifying incomes can receive utility bill assistance, most notably under two key programs, CARE and FERA.

CARE. 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.

CARE Income Guidelines
(effective June 1, 2023 to May 31, 2024)

Household Size	Income Eligibility Upper Limit
1-2	$39,440
3	$49,720
4	$60,000
5	$70,280
6	$80,560
7	$90,840
8	$101,120
Each additional person	$10,280

FERA. Families whose household income slightly exceeds the CARE allowance (those whose income falls above 200 percent and up to 250 percent of federal poverty guidelines) qualify to receive the FERA discount. FERA applies an 18 percent line-item discount to customers of the state's three largest electric utilities – Southern California Edison (SCE), San Diego Gas and Electric Company (SDG&E), and Pacific Gas & Electric Company (PG&E). FERA was originally established through a CPUC decision as a 12 percent line-item discount on electric utility bills to help families whose incomes fall just above the income eligibility for CARE, but which likely still experience hardships paying their utility bills.

SB 1135 (Bradford, Chapter 413, Statutes of 2018) codified the FERA program in the statutes and increased the discount from 12 percent to 18 percent for households with qualifying incomes. The bill also required the three electric utilities to increase marketing and outreach for the program.

FERA Income Limits (effective June 1, 2023 to May 31, 2024)	
Household	**250% of Federal Poverty Guidelines**
3	$62,150
4	$75,000
5	$87,850
6	$100,700
7	$113,550
8	$126,400
Each additional person	$12,850

FERA participation rates. FERA enrollment participation rates are significantly lower across the board for all three IOUs as compared to CARE. Based on reports submitted to the CPUC in April 2023, citing research conducted by Athens Research estimating the eligible customers for CARE and FERA compared to eligible customers as of December 2022, enrollment in the CARE program was over 100 percent for both PG&E and SDG&E and 91 percent for SCE. In contrast, estimated enrollment participation rates for the FERA program ranged from 11.7 to 28 percent among the three IOUs, specifically: SDG&E at 28.0 percent, PG&E at 22.4 percent, and SCE at 11.7 percent. (Noted in the table below.)

Enrollment in FERA (estimated as of December 31, 2022) Source: Athens Research submitted to IOUs March 16, 2023, filed at the CPUC in April 2023 as part of A.1911003, Attachment C.			
Utility	**Total Enrollments FERA**	**Total Eligible for FERA**	**Penetration rate**
PG&E	36,652	163,489	22.4%
SCE	26,112	223,982	11.7%
SDG&E	12,035	42,980	28.0%

Comments

FERA participation rate has shown a slight increase, but remains low. FERA participation penetration rates have shown an increase for all three IOUs since the numbers were reported when SB 1135 was being considered in 2018. At that time the utilities reported FERA penetration rates ranging from 8 to 16 percent. Specifically, PG&E at 16 percent, SDG&E at 18 percent, and SCE at 8 percent. As such, the overall participation penetration rate for the FERA program has increased from 12.5 percent reported in 2018 to 17.4 percent based on the numbers provided in 2023. However, there is a large gap between customers who may be eligible for the FERA discount and customers who are enrolled in the program.

Electricity utility bills continue trending higher. Californians have generally enjoyed lower energy bills when compared to the rest of the country, largely due to milder weather and investments in energy efficiency, even as electric rates have been higher than many other states. However, in more recent years, these trends have been changing as California's higher energy rates are also resulting in higher energy utility bills. Affordable energy utility bills was the topic of an oversight hearing by this committee last month. Members raised concerns they were hearing from residents about the increasing costs of energy utility bills, particularly those in PG&E service territory. These impacts have been exacerbated by the COVID-19 pandemic, and compounded by recent inflation and supply shortages on most goods and services.

Expanding FERA program to households with fewer than three members. Today, the FERA program only serves customers of the three large electric IOUs in households with three or more customers whose income falls under 250 percent of the federal poverty guidelines. SB 1130 proposes to expand the eligibility for the FERA program to allow households with fewer than three members to participate in the program. By expanding the FERA program, as proposed by this bill, income-eligible customers who are struggling to pay their utility bills could receive the 18 percent line-item discount, regardless if there household has less than three members. Several supporters of this bill, including AARP California, The Utility Reform Network (TURN), Marin County Energy (MCE), and Western Center on Law & Poverty, note the important benefit that these struggling residents could receive through this change given the existing financial struggles. TURN notes that about one-fifth of customers are behind on their energy utility bill. An expansion of FERA may be able to help these customers afford their bills.

Impacts to ratepayers. By expanding the eligibility for the FERA program, as proposed by this bill, the costs to non-CARE and non-FERA customers may increase as the discount provided must be recovered from all other customers. However, given the low participation rates of FERA, it's unclear how much of an additional cost to other customers would be anticipated.

Currently, the CPUC has an active proceeding to implement an income-graduated fixed charge on electric IOU bills as authorized by AB 205 (Committee on Budget, Chapter 61, Statutes of 2022). AB 205 requires the CPUC to structure the default income graduated fixed charge for "no fewer than three income thresholds so that low-income customers in each baseline territory would realize a lower average residential monthly bill without making changes in usage." Although the CPUC has not adopted (nor proposed) a decision in that proceeding, based on guidance provided by the Administrative Law Judge and proposals from stakeholders, it seems possible that one of the income tiers will include FERA customers who may have a fixed charge lower than non-CARE customers. Importantly, the statute explicitly prohibits the discount on the fixed charge to be included as part of the CARE discount, but makes no similar treatment for the FERA discount.

Additionally, as this bill moves forward, the author may wish to consider the interplay of FERA eligibility in other CPUC-related programs where FERA customers may receive differing treatment compared to non-FERA customers (whether by statute or CPUC implementation), including: energy savings assistance program (Public Utilities §2790), renewable energy subscription program (Public Utilities Code §769.3), the recovery of fixed charges for wildfire financing orders (Public Utilities Code §850.1), the implementation of net energy metering tariffs and the net-billing tariff (Public Utilities Code §2827 and §2827.1), and CPUC residential solar and storage incentives funded by the General Fund.

Prior/Related Legislation

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 in 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 327 (Perea, Chapter 611, Statutes of 2013) restructured the rate design for residential electric customers, including directing the CPUC to establish a discount between 30 percent and 35 percent to eligible customers of the large IOUs.

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

SUPPORT:

AARP California
California Solar & Storage Association
Marin County Energy
The Utility Reform Network
Western Center on Law & Poverty

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: In support of this bill, AARP California expresses particular interest in this bill's proposal to eliminate the existing requirements on FERA eligibility that a household consists of three or more persons. AARP California writes:

> …SB 1130, which will help many Californians, particularly those who live on their own, afford their energy bills, at a time of skyrocketing electric and gas rates…As California's Master Plan for Aging notes, nearly two million Californians over 60 live alone, and that number is expected to grow exponentially in the coming years… AARP believes that affordable, reliable, and sustainable energy is essential to health, safety, and well-being. SB 1130, which connects more older adults on fixed incomes to energy assistance programs like FERA, is essential to meeting these policy goals and principles.

Writing in support of this bill, The Utility Reform Network (TURN) states:

> …Californians are facing a utility bill affordability crisis and one in five households are behind on their bills. SB 1130 would expand the eligibility criteria for the FERA Program and require the state's three largest investor-owned utilities to report on their efforts to enroll customers in the FERA program. This expands the assistance available to customers who may not be eligible for CARE but still need support to keep the lights on.

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