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

Bill No:	SB 1480	**Hearing Date:**	4/2/2024
Author:	Allen		
Version:	2/16/2024 Introduced		
Urgency:	No	**Fiscal:**	Yes
Consultant:	Sarah Smith		

SUBJECT: Low-Income Oversight Board: membership and duties

DIGEST: This bill expands the duties and membership of the Low-Income Oversight Board (LIOB) at the California Public Utilities Commission (CPUC) and requires the CPUC to modify eligibility requirements and establish a new enrollment process for low-income water, energy, and telecommunications assistance programs.

ANALYSIS:

Existing law:

1) Establishes various low-income assistance programs to provide rate assistance to consumers and households that meet certain income guidelines. Under existing law, these programs include the following:

   a) The California Alternate Rates for Energy (CARE) program, which provides households with incomes up to 200 percent of the federal poverty level (FPL) with discounted electric and natural gas service through large investor-owned utilities (IOUs). (Public Utilities Code §739.1)

   b) The Family Electric Rate Assistance (FERA) program, which provides an additional electricity rate discount for households with incomes up to 250 percent of the FPL through one of the three large electric IOUs. (Public Utilities Code §739.12)

   c) The Energy Savings Assistance program (ESAP), which provides free weatherization services for households with incomes up to 250 percent of the FPL. (Public Utilities Code §2790)

   d) The California Lifeline universal telephone service program, which provides subsidized communications services for low-income households. (Public Utilities Code §871)

2) Establishes the LIOB, which is comprised of 11 members for the purposes of serving as a liaison between the CPUC and low-income ratepayers and representatives. Existing law also tasks the LIOB with certain monitoring and analytical duties, including requiring the LIOB to assist in streamlining the application and enrollment process for low-income utility assistance programs. Under existing law the LIOB is comprised of five members representing low-income communities, one gubernatorial appointee, one CPUC commissioner or designee, one representative from the Community Services Department, and three representatives from electrical, gas, and water utilities. (Public Utilities Code §382.1)

3) Requires the CPUC to develop a process by June 30, 2024, which enables customers to concurrently apply to multiple low-income energy customer assistance programs using data collected during the original application process. Existing law specifies that this process applies to the CARE, FERA, and ESAP programs. Existing law also requires electrical and natural gas corporations to obtain consent from applicants before using applicants' data to enroll the applicant in other programs. (Public Utilities Code §731)

4) Establishes legislative reporting requirements for the CPUC and various divisions and offices within the CPUC. Existing law requires the LIOB to submit a report to the legislature by June 30, 2023, regarding the opportunity to expand the existing third-party administrator (TPA) contract to include enrollment in water, gas, and electric utility low-income assistance programs. Existing law requires this report to include a recommendation for funding the expansion of this contract or establishing a new contract. (Public Utilities Code §910.8)

This bill:

1) Expands the composition of the LIOB from 11 members to 15 members by adding the following seats to the LIOB:

    a) A member selected by the Department of Health Care Services (DHCS).
    b) A low-income telecommunications provider selected by the CPUC.
    c) A member selected by the Speaker of the Assembly.
    d) A member selected by the President pro Tempore of the Senate.

2) Expands the duties of the LIOB to include the following:

a) Monitoring and evaluating low-income telecommunications programs in addition to energy and water assistance programs.

b) Establishing and monitoring participation goals for CPUC programs.

c) Working with the CPUC to develop a framework for sharing consumer data across utilities to support program marketing, outreach, enrollment, and evaluation.

d) Facilitate the verification of consumers' eligibility for low-income programs during enrollment.

3) Deletes existing requirements for the CPUC to develop a concurrent enrollment process for low-income energy assistance programs by June 30, 2024, and instead requires the CPUC to develop a concurrent enrollment process for low-income energy, water, and telecommunications assistance programs by June 30, 2025. This bill specifically requires the CPUC to include enrollment in the Lifeline program as part of the concurrent enrollment process developed pursuant to this bill.

4) Requires the CPUC to work with the LIOB to conduct certain enrollment tasks.

5) Requires the CPUC to establish categorical eligibility for low-income energy, water, and telecommunications assistance programs while adhering to federal rules.

6) Requires the CPUC to use a specified enrollment process established for the Lifeline program as the model for third-party data collection and sharing.

7) Requires the CPUC to implement the recommendations contained in a prior report on incorporating all low-income utility assistance programs into a concurrent enrollment system.

Background.

Apples to Oranges: Utility assistance programs vary across sectors, programs, and utilities. Electrical, gas, and water utilities operate low-income assistance programs, which are funded by ratepayers to provide discounted energy services, including discounted rates, to low-income consumers. Telecommunications consumers also provide funding for the California Lifeline program and other universal service funds through a charge assessed on phone lines. Lifeline subsidies are comprised of both a state contribution of approximately $19 and a federal contribution $9.25. Technically, the state and federal programs are separate; however they are jointly administered in California by the CPUC.

Eligibility, enrollment requirements, and benefits offered by these programs vary. Some benefit and enrollment consistency exists across the energy assistance programs; however, the Customer Assistance Program (CAP) for Class A and B water utilities varies between each utility. The table below shows the general eligibility and benefits offered by each utility assistance program.

CPUC Low-Income Assistance Programs		
Energy Programs		
Program	*Eligibility*	*Assistance Provided*
CARE	Up to 200% FPL or existing enrollment in specified public assistance programs	30-35% reduction on electric bills and 20% reduction on gas bills
FERA	Between 200% and 250% FPL	18% reduction on electric bills
ESAP	Up to 250% of the FPL	Free weatherization upgrades
Water Programs		
CAP	Up to 200% FPL or existing enrollment in specified public assistance programs	Varying discounts on water bills for qualified customers of certain water utilities.
Communications Programs		
Lifeline	Up to 150% FPL or existing enrollment in specified public assistance programs.	One discounted phone line per household – discount amount is based on application of both state and federal Lifeline stipends.

Ratepayers are already financing a new enrollment system for low-income energy assistance programs. This bill attempts to build on enrollment changes for low-income energy utility assistance programs established by SB 1208 (Hueso, Chapter 840, Statutes of 2022). SB 1208 required the CPUC to develop a concurrent enrollment system for low-income energy assistance programs and required the LIOB to study and make recommendations for expanding this enrollment system to water and telecommunications assistance programs. In January 2023, the CPUC re-opened proceedings related to IOU budgets for low-income assistance programs to establish requirements for implementing SB 1208. In May 2023, the CPUC issued a decision (D. 23-05-006), which approved a $4 million budget for phase I of the application system’s development, ordered PG&E to issue a request for proposals (RFP) to develop the concurrent application system, and required the large electric and natural gas IOUs to establish two-way balancing accounts to track costs associated with developing the system. The decision enabled electric IOUs to recover these cost through Public Purpose Program charges, and gas IOUs are authorized to recover costs from transportation rates charged to consumers. Under this decision, ratepayers of the large IOUs will be responsible for the following percentages of the total cost of the enrollment system:

Utility	Percentage of Costs
PG&E	30%
Southern California Edison	30%
Southern California Gas	25%
San Diego Gas and Electric	15%

It is unclear how the CPUC would finance the expansion of the concurrent enrollment system to water and telecommunications customers without increasing existing energy ratepayer costs and establishing a mechanism for water and telecommunications customers to pay their proportionate share of the cost for the system's development. However, telecommunications and water utilities are not uniformly rate-regulated in the same fashion as the energy IOUs. As a result, it may not be possible to create a payment mechanism in which there is a fair, proportional cost recovery across different utility customers to support the development of a concurrent enrollment system.

Need for Bill? According to the author, this bill is intended to make various changes to the LIOB and require the implementation of certain recommendations from a report published by the LIOB pursuant to SB 1208. However, is unclear whether these changes are needed. As part of a rulemaking to consider options to standardize water customer assistance programs (R. 17-06-024), the CPUC indicated that it was pursuing implementation of the LIOB's report recommendations regarding a concurrent enrollment system using a phased approach and noted that energy utilities were already in the process of developing the first phase of the system. The CPUC indicated that it would consider the addition of water and communications assistance programs in this enrollment system at subsequent phases of its ongoing SB 1208 proceedings. As a result, this bill may not be needed to ensure that the CPUC addresses options to include water and communications in any concurrent enrollment system.

This bill also expands the membership of the LIOB to include new representatives appointed by the DHCS, the Assembly Speaker, the Senate Pro Tem, and a representative from a low-income telecommunications provider. While the addition of a provider participating in Lifeline may be consistent with the LIOB's inclusion of electric, natural gas, and water utility representation, the need for the remaining new appointees is unclear. Additionally, it is unclear if DHCS's appointee would be chosen by the Director of DHCS or another entity within DHCS. While the author's office has claimed that these additional appointees are intended to make the LIOB more inclusive of low-income groups, the bill does not require any of these appointees to provide specific representation nor does an existing report indicate what specific interests currently lack inclusion. This bill also expands the LIOB's authority and duties to encompass certain program administration activities currently conducted by the CPUC, including establishing objective for low-income assistance programs and facilitating the administration of those programs. Establishment of goals separate from those adopted by the CPUC and duplication of roles may result in inconsistent and ineffective program administration.

Bill may limit low-income consumer choice and may not improve enrollment. Under existing law, the CPUC establishes program rules, including rates, for the Lifeline program. The CPUC also oversees the administration of the program; however, certain functions, including application and initial enrollment are conducted by telecommunications providers. This bill requires the CPUC to establish a system that would concurrently enroll a consumer in multiple utility assistance programs using one application submitted for only one program. While the LIOB's report pursuant to SB 1208 envisions leveraging Lifeline resources to build a concurrent enrollment system across the utilities, the report does not acknowledge that Lifeline provides discounted phone service across multiple technologies offered by a variety of providers that operate in different parts of the state. Additionally, the report does not address the extent to which federal lifeline rules limit the extent to which the CPUC can modify application and enrollment rules without violating federal requirements that govern approximately one-third of Lifeline subscribers' total subsidy.

While consumer choice has expanded in the electric utility sector, low-income energy assistance programs are generally administered by the large electric and natural gas IOUs. In these utility service territories, the impacts of concurrent enrollment in gas discounts may not have a substantial impact on consumer outcomes; however, assigning a consumer to a specific phone service provider without respect to the consumer's affirmative choice may result in the consumer's assignment to services that do not reflect that consumer's technological needs, desire for specific telephone services, or concerns about reception or service quality by certain providers. In 2019, the CPUC undertook a pilot to evaluate the impact of automatically providing CARE recipients with discounted wireless phone and data service through Boost Mobile. Participation rates in this pilot were unusually low and after a program evaluation, the CPUC ended the pilot on July 1, 2021, because the pilot had failed to meet its objectives.

Existing data on low-income program participation indicates that modelling a concurrent enrollment system on Lifeline enrollment processes may not benefit other low-income utility assistance programs. Participation rates across these low-income assistance programs vary widely. For example the CARE program participation rate among eligible households is approximately 84 percent, while the participation in rate in Lifeline was approximately 40 percent of eligible households. While California's Lifeline participation rate is less than half the rate for CARE, the state's Lifeline enrollment rate remains among the highest in the nation. This trend indicates that Lifeline enrollment is impacted by more structural, nation-wide issues that may not be resolved by changing application systems in California.

The Ghost in the Machine: who or what will actually process concurrent enrollments? In addition to specifically requiring the CPUC to add water and telecommunications assistance programs to the concurrent enrollment system developed for energy utility assistance programs, this bill also requires the CPUC to implement the LIOB's recommendations from its SB 1208 report. A substantial number of the recommendations from this report emphasized using the contract for the Lifeline program's TPA as the platform through which a concurrent enrollment system should be built. The LIOB's report states:

> "Recognizing that the scope of the existing Lifeline TPA contract focuses largely on eligibility and verification, the CPUC should consider incorporating new program coordination responsibilities by way of expanding the existing TPA contract or creating a new contract for a stand-alone provider to perform these responsibilities."

The California Department of Technology responded to the LIOB's proposal, noting that it was infeasible to change the contract for the Lifeline TPA to include the concurrent enrollment system, and it recommended establishing a new contract outside the scope of the existing Lifeline contract to reflect the unique needs of all the assistance programs and utility sectors.

While PG&E has issued an RFP to identify how a concurrent enrollment system would work for electric and gas assistance programs, it is unclear how or whether that system can be modified to enable application and enrollment across programs with functionally different requirements. The LIOB's report also makes various recommendations for sharing utility customer data across utilities, with certain state agencies, and with clean energy administrators, and other program partners. This bill also expands the LIOB's duties to include facilitating consumer enrollment in low-income assistance programs and facilitating systems for sharing utility customer data. However, certain utility customer data and personally-identifiable information can only be shared pursuant to a subpoena or at the express consent of the utility customer. As a result, it may not be feasible for the CPUC to implement certain recommendations of the LIOB's report or this bill as currently framed.

Need for amendments. As currently written, this bill would require the implementation of an application system without sufficient information about the ratepayer costs, benefits, or the extent to which this implementation is feasible. This bill also expands the duties and membership of the LIOB without specifying how this expansion will support low-income communities. *As a result, the author and committee may wish to amend this bill to do the following:*

- *Eliminate the expansion of the LIOB's duties.*
- *Remove requirements for adding legislative and DHCS appointees to the LIOB.*
- *Delete provisions requiring the CPUC to expand the concurrent enrollment system to water and telecommunications assistance programs and instead require the CPUC to do the following:*
    - *Adopt a process by which a consumer enrolled in a CPUC-administered low-income utility program receives a notification at enrollment providing information about other utility assistance programs for which the consumer may be presumptively eligible and information about how to apply for those programs.*
    - *Work with the LIOB to develop an outreach strategy to improve enrollment of eligible households across low-income utility assistance programs.*

Prior/Related Legislation

SB 1208 (Hueso, Chapter 840, Statutes of 2022) required the CPUC to develop a process that enables customers to concurrently apply to multiple low-income energy customer assistance programs. The bill also required the LIOB to submit a report to the Legislature by June 30, 2023, on establishing a low-income program enrollment process that includes energy, water, and the Lifeline program.

SB 756 (Hueso, Chapter 248, Statutes of 2021) clarified the income eligibility requirements for ESAP, including specifying that households with incomes up to 250 percent of the FPL are eligible for the program.

AB 74 (Lorena Gonzalez, Chapter 410, Statutes of 2021) required the CPUC to make various changes to the enrollment and recertification process for California's Lifeline program, including allowing Lifeline subscribers to certify their eligibility without a personal identification number.

SB 1135 (Bradford, Chapter 413, Statutes of 2018) codified the requirements of the FERA program for 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.

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

SUPPORT:

None received

OPPOSITION:

None received

ARGUMENTS IN SUPPORT: According to the Author:

> In 2002, the Legislature established the Low Income Oversight Board within the California Public Utilities Commission with the intention of ensuring better representation and outreach to low income individuals in the state. SB 1208 (Hueso, Chapter 840, Statutes of 2022) charged the Board with reporting to the Legislature on ways to advance participation in income-qualified CPUC programs, namely through consideration of expanding an existing contract used for the Universal Lifeline Telephone Service program to include water, gas, and electric utility programs.
>
> In furtherance of these goals and in follow-up to the SB 1208 report, SB 1480 seeks to add telecommunications to the Low Income Oversight Board in an effort to better connect low income Californians with the array of support opportunities available to them from the various utility services. Additionally, SB 1480 calls on the Commission to implement specific recommendations made in the SB 1208 along with expanding the membership of the Board to enhance its effectiveness in supporting low income Californians.

-- END --