

Senate Bill No. 598

CHAPTER 362

An act to add Sections 718, 779.3, and 910.5 to the Public Utilities Code, relating to public utilities.

[Approved by Governor September 28, 2017. Filed with
Secretary of State September 28, 2017.]

LEGISLATIVE COUNSEL'S DIGEST

SB 598, Hueso. Public utilities: gas and electric service disconnections.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, and can establish its own procedures, subject to statutory limitations or directions and constitutional requirements of due process. Existing law requires the commission to designate a baseline quantity of electricity and gas necessary for a significant portion of the reasonable energy needs of the average residential customer, and to establish a higher energy allowance above the baseline for residential customers dependent on life-support equipment. Existing law requires certain notice be given before an electrical or gas corporation may terminate residential service for nonpayment of a delinquent account and prohibits termination of service for nonpayment in certain circumstances.

This bill would require the commission to develop policies, rules, or regulations with a goal of reducing, by January 1, 2024, the statewide level of gas and electric service disconnections for nonpayment by residential customers, as specified. The bill would require the commission in each gas and electrical corporation general rate case to, among other things, conduct an assessment of and properly identify the impact of any proposed increase in rates on disconnections for nonpayment. The bill would require the commission to include in an annual report to the Legislature information on residential and household gas and electric service disconnections, disaggregated by certain customer categories.

This bill would require the commission to adopt residential utility disconnections for nonpayment as a metric and incorporate the metric into each gas and electrical corporation general rate case. The bill would prohibit a gas or electrical corporation from disconnecting service for nonpayment by a residential customer dependent on life-support equipment who is unable to pay for service, who is willing to enter into an amortization agreement, as provided, and who satisfies certain other conditions. The bill would authorize the commission to identify strategies for reasonable cost recovery by a gas or electrical corporation for costs incurred in providing gas or electric service to customers whom the gas or electrical corporation was unable to disconnect due to compliance with that prohibition.

Under existing law, a violation of any provision of the Public Utilities Act or of any of the rules or orders issued under the act is a crime.

Because the provisions of this bill are within the act and require action by the commission to implement its requirements, a violation of these provisions would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares the following:

(a) Residential disconnections for nonpayment by major gas and electrical corporations rose significantly from 547,000 in 2010 to 816,000 in 2015.

(b) Gas and electric service shutoffs threaten the health of two million people annually with significant impact on infants, children, the elderly, low-income families, communities of color, people for whom English is a second language, physically disabled persons, and persons with life-threatening medical conditions.

(c) The loss of basic gas or electric service causes tremendous hardship and undue stress, including increased health risks to vulnerable populations, as well as overreliance on emergency services and underutilization of preventive programs.

SEC. 2. Section 718 is added to the Public Utilities Code, to read:

718. (a) The commission shall develop policies, rules, or regulations with a goal of reducing, by January 1, 2024, the statewide level of gas and electric service disconnections for nonpayment by residential customers, including policies, rules, or regulations specific to the four gas and electrical corporations that have the greatest number of customers. The commission shall convene stakeholders, including, but not limited to, public health officials, consumer advocates, and organizations representing low-income communities, to assist with the development of the policies, rules, or regulations.

(b) (1) In each gas and electrical corporation general rate case, the commission shall do both of the following:

(A) Designate the impact of any proposed increase in rates on disconnections for nonpayment as an issue in the scope of the proceeding.

(B) Conduct an assessment of and properly identify the impact of any proposed increase in rates on disconnections for nonpayment, which shall be included in the record of the proceeding.

(2) The commission shall adopt residential utility disconnections for nonpayment as a metric and incorporate the metric into each gas and electrical corporation general rate case.

SEC. 3. Section 779.3 is added to the Public Utilities Code, to read:

779.3. (a) A gas or electrical corporation shall not disconnect service for nonpayment by a residential customer receiving a medical baseline allowance pursuant to subdivision (c) of Section 739 who is financially unable to pay for service within the normal payment period, who is willing to enter into an amortization agreement with the corporation pursuant to subdivision (e) of Section 779 with respect to all charges that the customer is unable to pay, and who meets any of the following criteria:

(1) The customer or a member of the customer's household is under hospice care at home.

(2) The customer or a member of the customer's household depends upon life-support equipment, as defined in paragraph (2) of subdivision (c) of Section 739.

(3) The customer or a member of the customer's household has a life-threatening condition or illness, and a licensed physician, person licensed pursuant to the Osteopathic Initiative Act, or nurse practitioner certifies that gas or electric service is medically necessary to sustain the life of the person or prevent deterioration of the person's medical condition.

(b) The commission may identify strategies for reasonable cost recovery by a gas or electrical corporation for costs incurred in providing gas or electric service to customers whom the gas or electrical corporation was unable to disconnect due to compliance with this section.

(c) A gas or electrical corporation may institute a verification process to implement this section.

SEC. 4. Section 910.5 is added to the Public Utilities Code, to read:

910.5. (a) The commission shall submit a report by April 1 of each year to the Legislature on residential and household gas and electric service disconnections that includes the following information for each community choice aggregator and each of the four electrical and gas corporations that have the greatest number of customers:

(1) For the most recent five years, the total annual number of residential disconnections for nonpayment, reconnections following disconnection for nonpayment, and disconnections for nonpayment that did not result in a reconnection within 30 days.

(2) For the most recent five years, the total annual number of households disconnected for nonpayment, households reconnected following disconnection for nonpayment, and households not reconnected within 30 days of being disconnected for nonpayment. A household disconnected more than once in a calendar year shall be counted only once for purposes of this reporting requirement.

(b) The commission shall disaggregate the information specified in subdivision (a) to provide that information for each of the following populations:

(1) Customers enrolled in the California Alternate Rates for Energy or CARE program.

(2) Customers enrolled in a Family Electric Rate Assistance program.

(3) Customers receiving a medical baseline allowance.

(4) Customers both enrolled in the CARE program and receiving a medical baseline allowance.

(5) Customers receiving assistance or a benefit under the federal Low-Income Home Energy Assistance Program (LIHEAP) (42 U.S.C. Sec. 8621 et seq.).

(6) Customers of a community choice aggregator who, after disconnection, are reconnected to service provided by an electrical corporation.

(c) For each of the customer categories listed in subdivision (b), the commission shall further disaggregate the information for individual customers as follows:

- (1) Disconnected one time.
- (2) Disconnected two times.
- (3) Disconnected three or more times.
- (4) Reconnected one time.
- (5) Reconnected two times.
- (6) Reconnected three or more times.

(d) For a corporation included in the report pursuant to subdivision (a) that provides both gas and electric service to customers, the commission shall provide the information separately.

SEC. 5. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.