



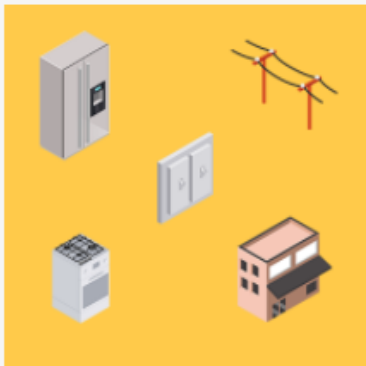
California's Utility Debt Crisis Explained

Strategies to Protect Vulnerable Californians from Power Shutoffs

Background: Statewide debt estimates for energy customers is well over \$2 billion, with more than \$300 million coming from the Los Angeles Department of Water and Power customers alone. This estimate continues to grow as more and more working families struggle to navigate the economic fallout caused by the COVID-19 pandemic. While the Legislature appropriated \$1 billion dollars for energy debt relief through the state budget, we know without additional action, many vulnerable Californians could be cut off from power during one of the hottest summers on record.



California Arrearage Payment Program



The newly established California Arrearage Payment Program (CAPP) will offer financial assistance for California energy utility customers to help reduce past due energy bill balances accrued during the COVID-19 pandemic. Established by Governor Newsom and the California Legislature in the 2021-22 State Budget and administered by the Department of Community Services and Development (CSD), the CAPP program dedicates \$1 billion in federal American Rescue Plan Act funding to address Californian's energy debts.

Utility customers **do not need to apply** to receive assistance under the CAPP program. If a customer account is eligible, a credit will be automatically applied to the customer bill. Energy utilities will apply for CAPP assistance on behalf of customers who incurred a past due balance of 60 days or more on their energy bill during the COVID-19 pandemic relief period covering March 4, 2020 through June 15, 2021.

3. CAPP AWARDS

Upon approving an energy utility CAPP Application, CSD will disburse the CAPP allocation award to the energy utility applicant. CAPP benefits to eligible residential and commercial accounts shall be delivered within 60 days of receiving a CAPP allocation in the form of a bill credit with a statement that the source of the credit is California's CAPP funding. Energy utilities shall prioritize CAPP assistance according to the following:

1. Active residential customers with past due balances and are at risk of disconnection due to nonpayment of balances incurred during the COVID-19 pandemic bill relief period;
2. Active residential customers with past due balances incurred during the COVID-19 pandemic bill relief period;
3. Inactive residential customers with past due balances incurred during COVID-19 pandemic bill relief period; then
4. Commercial customers with past due balances incurred during the COVID-19 pandemic bill relief period.

IMPORTANT NOTE: Energy utilities shall not disconnect CAPP benefit recipients for 90 days after benefit application. If a customer account has a remaining balance after a

Greenlining & RePOWER LA Core Recommendations



- Efficient Customer Relief** : We strongly support utilities directly crediting customers bills without any application/self -attestation. We oppose a customer application/attestation requirement due to concerns of efficiency and equity since some funds would be wasted on administrative costs, limiting total customer relief.
- Prioritizing residential customers who are the most vulnerable to losing services:** We support having utilities determine which customers are the most vulnerable by prioritizing residential customers who live in disadvantaged communities, residential customers with high arrearages (\$300+), and residential customers who are at high risk of disconnection.
- Shut -off protections through December 2021:** We strongly support extended shut -off protections through the end of the calendar year so that Californians don't lose access to vital services during the ongoing economic recovery.
- Proportional relief allocation for both publicly -owned and investor -owned utilities** : We support the allocation of funds proportional to customer debt (exclusive of late fees).
- Strong customer protections** : We support stipulating that utilities offer flexible repayment plans and arrearage management plans to address any remaining debt. We strongly support no liens, no late fees, and no reporting customers to credit agencies.
- Restricted administrative costs:** Funds must be prioritized for direct relief itself because nothing should dilute California's ability to provide economic stability to workers and struggling households. As such, the ability for Utilities to use relief funds to cover administrative costs should be severely limited.