



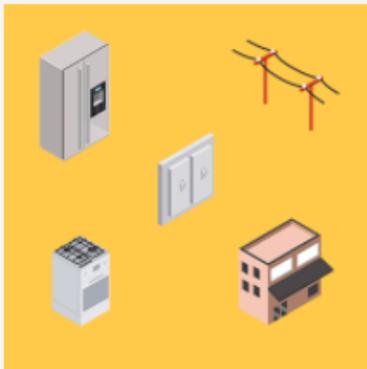
California's Utility Debt Crisis Explained

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.



Questions Presented for LIOB:

- **Implementation:** Who should receive \$ energy arrearage relief, how much should they receive and when realistically will they receive it?
- **Customer protections and affordability** as residents struggle with recovering financially from the pandemic. How do we protect folks at risk during the ongoing program design, implementation, taxation of benefits and initial administration phases before disbursement?



- **Recommendations for next steps in partnership:**
 - Statewide disconnections moratorium through March 2022.
 - Prioritization of residential, disadvantaged communities, households at risk of disconnection, publicly owned utility residential customers for energy arrearage relief.
 - Commit to securing additional energy arrearage relief funding.
 - Development and enhancement of COVID-19 specific energy arrearage management plans - existing protections insufficient and delta variant demonstrates the pandemic and its economic effects are not over.