

Senate Bill

Ratepayer Energy Reconnection Act of 2024 Senator Caroline Menjivar (D – San Fernando Valley)

SUMMARY

SB 1142 protects Californians who are behind on their electricity bills by barring investor-owned utilities (IOUs) from charging more than 20% in arrears for reconnecting service. Additionally, it will codify The California Public Utilities Commission (CPUC) prohibition on residential reconnection fees.

PROBLEM

California is facing an energy insecurity crisis, with California ratepayers paying increasingly unaffordable rates. Even with arrearage forgiveness, about 2.4 million customers of California's three largest utilities are behind on their bills to the tune of \$2 billion in energy debt.¹ This amounts to one in four customers of the major IOU's being energy insecure.

BACKGROUND

In just the last three years, California's investor-owned utilities' standard residential rates have increased at an extraordinary pace. For example, customer rates are up by 81% for Pacific Gas & Electric (PG&E) and 67% for Southern California Edison (SCE).² While lower-income residents can access a moderately discounted rate, these discounts have not been enough to blunt the impact of the steep rate increases, especially amid rising temperatures that are intensifying the need for more air conditioning to combat sweltering heat. Renters are particularly vulnerable since they lack the authority to make a unit more energy efficient and thus cannot avoid incurring high monthly bills. This affordability crisis has resulted in more and more customers being in jeopardy of getting shutoff.

The CPUC has adopted rules governing disconnections and directed the establishment of payment plans. These are helpful tools but insufficient in the face of the current crisis for their failure to establish rules for reconnections or penalties for non-compliance. While the CPUC articulated a goal for the IOUs of reconnecting 90% of customers within 24 hours – a standard that was reviewed and suggested based on 2017 reconnection rates within 24 hours – the CPUC has declined to make this a requirement or identify any penalties for failure to comply. This has resulted in a steady decline of 24-hour

reconnection rates: in 2023, PG&E had a 65% 24-hour reconnection rate, SCE had a 75% 24-hour reconnection rate and San Diego Gas & Electric (SDG&E) had a 49% 24-hour reconnection rate.²

Further, there are no rules or statutory requirements in place to ensure that ratepayers have an affordable option for reconnection of service. Currently, utilities impose reconnection protocols on a case-by-case basis. The utilities may charge significantly high fees to restore service, which is simply not doable for many low-income households. As a result, electricity shutoff is prolonged, and consumers simply remain disconnected.

Utility debt can drive a customer out of housing, in some cases because the rates have forced a choice between paying rent and paying the utility bill and in others because utility service is a requirement of housing. Utility debt stays with the consumer into the future and if a consumer is unable to pay old utility debt, it can become a barrier to obtain housing.

SOLUTION

SB 1142 codifies the CPUC's prohibition on residential utility reconnection fees. Mandates that IOUs amortize at minimum, 24 months of a customer's past due amount for electric and gas services. This bill also limits the required amounts to avoid disconnection or to be reconnected to up to 20% of the past due amount, and mandates that IOUs reconnect services within 24 hours if the customer pays the required amount to have their services restored.

STATUS

Amended March 18th

SUPPORT

The Utility Reform Network (TURN) (Sponsor)

CONTACT

Diego Nelson
Office of Senator Caroline Menjivar
(916) 651-4020

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¹June 2020 PHASE I Decision Adopting Rules And Policy Changes To Reduce Residential Customer Disconnections For The Larger California – Jurisdictional Energy Utilities (R.18-07-005).

²December 2023 Disconnection Settlement Monthly Reports of PG&E, Southern California Edison, and SDG&E (R.18-07-005).